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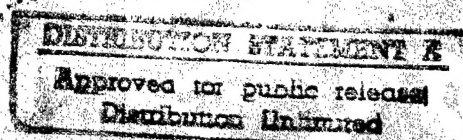
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# ***JPRS Report***

## **Soviet Union**

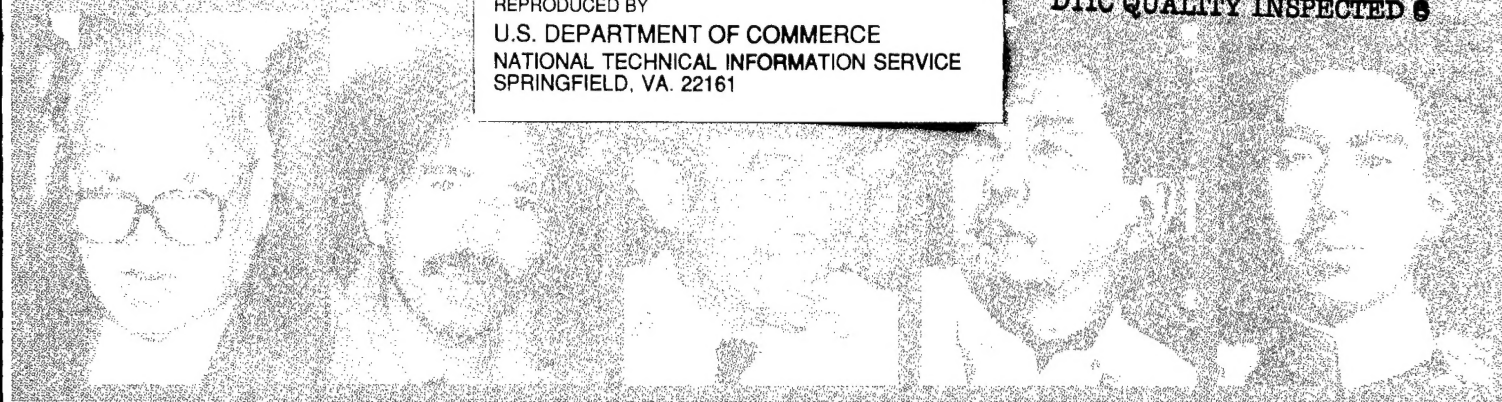
### ***International Affairs***

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# Soviet Union

## International Affairs

JPRS-UIA-91-002

### CONTENTS

5 February 1991

#### ARMS CONTROL

Obminskiy on Size of 'Peace Dividend' [E.Ye. Obminskiy; <i>EKONOMIKA I ZHIZN</i> No 1, Jan 91] .....	1
--	---

#### WORLDWIDE TOPICS

Deputy Foreign Minister on Aspects of 'Green Diplomacy' [Ye. Shulyukin; <i>TRUD</i> , 25 Dec 90] .....	3
Soviet, Latin American Cooperation in Asia-Pacific Region Viewed [ <i>LATINSKAYA AMERIKA</i> No 11, Nov 90] .....	4
Georgian Aide on CSCE Participation [T. Paatashvili; <i>ZARYA VOSTOKA</i> , 1 Dec 90] .....	8
Estonian Cities Join International Union [P. Kaldoya; <i>SOVETSKAYA ESTONIYA</i> , 27 Nov 90] .....	9
Discussion of Estonian Foreign Policy .....	10
Officials Reject Media Criticisms [L. Meri, E. Lippmaa; <i>PAEVALEHT</i> , 9 Oct 90] .....	10
Media Defended [ <i>PAEVALEHT</i> , 9 Oct 90] .....	10
Confusion in Policy Seen [P. Kala, T. H. Liiv; <i>PAEVALEHT</i> , 14 Oct 90] .....	11

#### SOCIALIST COMMUNITY, CEMA

Transformation of CEMA Pondered [A. Balebanov; <i>SELSKAYA ZHIZN</i> , 8 Jan 91] .....	13
--	----

#### GENERAL ECONOMIC AFFAIRS

Western Motives For Aiding Soviets Questioned [Ye. Arefyeva; <i>IZVESTIYA</i> , 16 Jan 91] .....	14
West Japan's Firms Seek Economic Ties With Soviet Far East [I. Latyshev; <i>PRAVDA</i> , 24 Jan 91] .....	16
Official Views Soviet Integration With Europe [A. Chernyshov; <i>TRUD</i> , 16 Jan 91] .....	17
Export of Natural Resources Condemned [V. Deryagin; <i>SOVETSKAYA ROSSIYA</i> , 3 Jan 91] .....	18
Soviet Union Renews Fishing Accord [Victoria <i>SEYCHELLES NATION</i> , 19 Dec 90] .....	20

#### UNITED STATES, CANADA

Foreign Trade Official on Impediments to U.S.-Soviet Trade [Yu. Chumakov; <i>PRAVDA</i> , 27 Dec 90] ....	21
---	----

#### WEST EUROPE

Swedish Speaker Backs Baltic Independence [T. Peterson; <i>SOVETSKAYA ESTONIYA</i> , 20 Nov 90] .....	23
Danish Support for Baltic Sovereignty Assailed [V. Cherkov; <i>SOVETSKAYA ROSSIYA</i> , 25 Dec 90] .....	24
Impact of Hard-Currency Settlements on Soviet-Finnish Trade Seen [V. Shmyganovskiy; <i>IZVESTIYA</i> , 31 Dec 90] .....	26
CSFR's Dienstbier on Foreign Policy Goals [J. Dienstbier; <i>PRAVDA</i> , 31 Dec 90] .....	27
French Russians View Possible New Wave of Emigration from USSR [G. Ivanoff, M. Lebedeff; <i>LITERATURNAYA GAZETA</i> No 52, 26 Dec 90] .....	28
New Association for Study of Turkey [S. Uturgaui, N.G. Kireyev; <i>AZIYA I AFRIKA SEGODNYA</i> No 9, Sep 90] .....	29
Berlin Authorities To Maintain City's Soviet WWII Memorial [Yu. Cherbakov; <i>SOVETSKAYA ROSSIYA</i> , 27 Dec 90 First Edition] .....	31

#### EAST EUROPE

Privatization of Polish State Enterprises Described [V. Sorokin; <i>ARGUMENTY I FAKTY</i> No 52, Dec 90] .....	32
German Involvement in Katyn Tragedy Hypothesized [S. Kuratov, A. Polyakov; <i>NEW TIMES</i> No 52, 25-31 Dec 90] .....	33
Romanian Ambassador Recalls Revolution, Events of 1990 [V. Shandru; <i>ARGUMENTY I FAKTY</i> No 2, Jan 91] .....	35

## CHINA, EAST ASIA

Soviet Role, Economic Prospects in Asia-Pacific Region Examined [A. Pavlov; <i>LITERATURNAYA ROSSIYA</i> No 47, 23 Nov 90]	38
Direct Soviet-Taiwanese Economic Relations Suggested [IZVESTIYA, 15 Jan 91]	41
Reasons for Sino-Soviet Rapprochement Explained [N. Anin; <i>AZIYA I AFRIKA SEGODNYA</i> No 9, Sep 90]	42
Disclosure of Facts on Japanese POW's in Stalinist Camps Urged [Yu. Tavrovskiy; <i>IZVESTIYA</i> , 11 Jan 91]	45
Papua New Guinea's Leader Interviewed [R. Namaliu; <i>IZVESTIYA</i> , 12 Jan 91]	48

## NEAR EAST & SOUTH ASIA

Gerasimov: Gulf Conflict Like Game of Chicken [G. Gerasimov; <i>SOVETSKAYA KULTURA</i> No 2, 12 Jan 91]	50
Failure of Husayn 'Escapade' Inevitable [V. Vladimirov; <i>AZIYA I AFRIKA SEGODNYA</i> No 11, Nov 90]	50
Arab Reactions to Gulf Crisis Examined [N. Oganessian; <i>EPOKHA</i> No 16, 6 Dec 90]	51
Iraqi, U.S. Gulf Combat Strategies Viewed [V. Murakhovskiy; <i>ARGUMENTY I FAKTY</i> No 2, Jan 91]	53
Growing USSR-Bahrain Economic Ties Viewed [Yu. Zinin; <i>RABOCHAYA TRIBUNA</i> , 4 Jan 91]	54

### Obminskiy on Size of 'Peace Dividend'

91UF0312A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 1, Jan 91 pp 18-19

[Article by E.Ye. Obminskiy, USSR deputy minister of foreign affairs: "The Peace Dividend"]

[Text] *A great deal was said last year about the "peace dividend" of the new political thinking, about the growing economization of Soviet foreign policy. What specifically has been and is being done here? E.Ye. Obminskiy, USSR deputy minister of foreign affairs, talks about this at the request of EKONOMIKA I ZHIZN.*

No explanation is needed of the fact that the goal of the foreign policy activity of our state is the creation of favorable external conditions for the country's normal socioeconomic development, provision for its national security, and satisfaction of its state interests taking into account the present stage of development of our society, when the main threat to its existence is seen primarily in our internal problems.

Previously it was simply impossible to discuss the problem of the "economic cost" of USSR foreign policy decisions by virtue of the "specificity" of this sphere of state activity. Ideologization of interstate relations enabled us to explain any foreign policy collapses and failures through the destructive and confrontational approach of the other side.

Today the situation has changed. Assessments have begun appearing ever more frequently in our press with respect to the economic consequences of one or another foreign policy action of the Soviet Union. Here, as a rule, we see a comparison of factual expenditures in implementing a specific foreign policy measure with expenses for it as determined on the basis of the "reasonable sufficiency" principle.

Initial investigative studies in this sphere, which have yielded only the most general outlines of the order of magnitude of the figures, show that the old confrontational thinking simply exhausted the country's economy. Involvement in regional conflicts alone over the past 20 years has cost our people hundreds of billions of rubles [R].

Only now are we seeing the first fruits of the "peace dividend." According to available data, measures undertaken on the basis of the new political thinking to defuse regional conflicts, withdraw Soviet forces from foreign territory, and reduce foreign aid granted on an ideological basis have enabled us to effect a savings of approximately R16 billion during the period 1988-1990 alone.

The process of peaceful transformation provides justification to believe there will be a continuation of policy directed towards a decreased military budget, reduction of our military presence in the countries of Eastern Europe, rejection of the country's participation in international conflicts abroad, and establishment by the USSR Supreme Soviet of realistic limits on aid provided

to foreign states. If all of this is observed, the total savings prior to 1995 could exceed R200 billion.

However, the "peace dividend" of the new political thinking is far from being limited to this.

With proper formulation of the matter, a tangible economic effect might be achieved through the efforts being carried out in the country to convert military production, the result of major international agreements in the disarmament sphere. In accordance with the all-Union conversion program, this process presently encompasses over 500 enterprises, of which 40 should be converted in their entirety to peaceful ends.

Experts calculate that in 1991, with continuation of the disarmament process, the military production output volume by enterprises of the defense complex will decrease by 14 percent as compared with 1988, while their civilian production output for the same period will increase by 30 percent. Here the percentage of "peaceful" production will have increased from 43 to 53 percent. By 1995 the output of nonfood products alone in the system of the military-industrial complex may exceed R70 billion.

World history shows that the refitting of military to civilian production will be fraught with significant difficulties and financial losses—in 1990 alone we were required to allot at least R350 million for this purpose. The directive imposition on a number of defense enterprises of orders based on a non-intrinsic production line often results in their receiving lower revenues, a drop in workers' salaries, and the departure of some skilled cadre from the facilities undergoing conversion. The organizational restructuring related to conversion has required major capital investments which the enterprises have not been able to effect.

The first lessons of conversion put us on warning: The military sectors comprise a weighty segment of our national wealth, and thoughtless manipulation of them would inflict damage very difficult to correct. A full-fledged utilization of the scientific- technological and intellectual potential of these sectors during their transition to civilian production is a necessary condition for effective accomplishment of real disarmament and conversion. The adoption of a law on conversion would help in this process. It would not just enable regulation of the mechanism for demilitarization of the economy, but would also confirm the seriousness of our intentions to materialize a lessening of world tension and to effect transition from an economy of arming to an economy of disarming.

We should also stop to consider another aspect of the "peace dividend"—the readiness of the West to provide consultative technological and financial-economic assistance to the conduct of reforms in our country. This would hardly have been possible just a few years ago. Today the process gathering strength in the world of overcoming bloc-oriented thinking, a thinking that divides countries into "ours" and "theirs," has brought



about a situation in which the old motto of political gamesmanship—"the weakening of theirs is the strengthening of ours"—has already lost its general application. No matter how one views foreign loans and credits (in the past year alone the Soviet Union was extended credits totalling about \$20 billion), there can be no doubt that, until quite recently, discussion of such amounts would not even have taken place.

It should be stipulated right away that, with all the weight of urgent economic problems and deepening crisis, our interest as recipients of Western economic assistance consists not in obtaining temporary relief by eating up additional imports, but rather in using the aid as an effective lever for effecting deep transformation of the economy. Foreign assistance can become such a lever only when it is skillfully applied, when it is organically structured into the overall program of transformation. Otherwise it will only "drive the sickness deep inside."

Of course, a new line of foreign policy might yield far more tangible results were it not for the emergency, critical situation we presently see in the Soviet economy.

Under these conditions, our country finds itself in a precarious situation. On the one hand, massive sympathy abroad for the processes of perestroika and democratization in the USSR has prolonged such forms of assistance as humanitarian aid in food and medicine. On the other hand, reaction in our country to this aid is quite mixed, even in spite of such calamities truly global in scope as the accident at the Chernobyl nuclear power plant, the earthquake in Armenia, and others.

To this point over 30 countries have declared their intention to provide us humanitarian assistance and in fact are already doing so. On the whole, according to the

most modest estimates, the total volume of such assistance provided us up until now by foreign states has reached an amount equivalent to \$2 billion.

It is well known what tremendous expense and difficulties the creation of an open, market economy in the USSR has imposed upon us. At the same time, the world has accumulated a richness of experience in the regulation of economic processes (to include under crisis economy conditions), the struggle against unemployment and inflation, optimization of investment programs, improvement of finances, development of the export sector, effecting convertibility of national currency, and de-state-ization and demonopolization of economic structures.

International economic organizations remain the unique "reservoir" of such experience. The course we have undertaken toward deepening cooperation with them is capable of providing a weighty economic effect.

Significant progress has been achieved in this sphere in recent years. Contacts have been established and are being developed with the International Monetary Fund and World Bank, which have as their goal our phased entry into their structures. Our request to be granted observer status at the GATT has been approved. The USSR is one of the founders of the European Bank for Reconstruction and Development. Dialogue is developing with the Organization for Economic Cooperation and Development.

All of this may have far-reaching positive consequences for the integration of our country into existing world economic structures. However, the fact itself of political breakthrough in our relations with these organizations still does not entail a commensurate return. Such a return can grow only to the extent we have growth in the scope of our concrete everyday efforts.

### Deputy Foreign Minister on Aspects of 'Green Diplomacy'

91WN0175A Moscow TRUD in Russian 25 Dec 90 p 3

[Interview with V. F. Petrovskiy, USSR MVD deputy minister, by correspondent Ye. Shulyukin: "'Green' Diplomacy Serves Man"]

[Text] [Shulyukin] We are used to believing that environmental protection is the job of the economic organs, and scholarly and public organizations. As this problem has international significance, what role does diplomacy play here?

[Petrovskiy] We must begin with the fact that environmental protection has become one of a number of the priority problems of contemporary life that can be resolved only through joint, collective efforts. People say that borders are now losing their meaning in a political sense, but from the point of view of environmental protection, the concept of borders does not exist at all. The nature itself of this problem suggests international cooperation and international efforts. These are expressed mainly through the formulation of universal legal regulations and the legal inter-relations between states—both bilateral and multilateral.

You are completely correct when you say that many organizations are now involved with ecology. We have a special committee on environmental protection. In regard to the Ministry of International Affairs, it chairs an interdepartmental commission on foreign policy and the international legal problems that relate to the Soviet Union's participation in various types of international activities. We are the coordinator of "green" diplomacy.

Our goal is, first of all, to provide for the fulfillment within the country of the obligations that the Soviet Union has taken upon itself in accordance with international environmental protection agreements. And, secondly, to succeed in bringing our country into compliance with the highest international standards in the area of ecology.

[Shulyukin] What has already actually been achieved in the area of "green" diplomacy?

[Petrovskiy] A fair amount. There is an entire series of international documents that determine standards for the conduct of states in the international realm. For example, the Stockholm and Nairobi declarations of the UN member-states are very significant. The Charter of Economic Rights and Obligations of states provides for coordinating the creation of new branches of industry and the improvement of those that already exist with issues relating to environmental protection. But I would especially like to point out the European experience. Two years ago, the concluding document of the Sofia meeting of UN member-states on environmental protection was signed, establishing the highest standards for cooperation in the economic realm. The agreements included in the recently signed Paris Charter for the New

Europe have great significance for the development of cooperation in environmental protection on the European continent. Besides this, a solid base has been created for bilateral cooperation, as well. Agreements have already been concluded with 16 countries. For example, there is an agreement with the United States on the creation of a joint Soviet-American park in the Bering Strait region.

[Shulyukin] What exactly is that?

[Petrovskiy] A kind of universal wildlife preserve is being created, in which the region's biological variety, its flora and fauna are preserved in their natural form. An analogous border preserve, called "Druzhiba" [friendship], is being created with Finland. Our department coordinates all of the organization's cooperation with other countries. But I believe that there has not yet been enough has accomplished in this area. We have still not joined all of the agreements, and the possibility of participating in them is only now being examined.

[Shulyukin] Does environmental protection somehow accompany diplomatic activity geared towards protecting peace, disarmament, and providing international security?

[Petrovskiy] It accompanies this in a most direct manner. For the reason that, from the point of view of providing international security, the prevention not only of the nuclear but of the ecological threat as well has acquired exceptional importance today. Personally speaking, the only difference between them is the fact that in one case the catastrophe arises in an instant, and in the other—slowly, but the final result could be fatal for mankind in both cases. For this reason, for diplomacy, prevention of the nuclear and the ecological threat are two equivalent goals.

I will say more. In 1992 a UN conference will take place on the environment and development. I think that at this forum, the problem of preventing the ecological threat will be advanced to a position of paramount importance in terms of the efforts of the international association that stands at the dividing line between two centuries. Now it is very important that in its actions, policy not lag behind the growing threat. We are alarmed by the fact that occasionally too many projects appear, while there are not enough agreements and actions. For this reason, we want the 1992 conference to conclude not just with the adoption of declarations. They are necessary. However, there is something even more important—that it yield real, tangible results. In concrete terms, we are striving for the conclusion of a "limited" agreement, that is, one that would determine general limits for the approach to be taken towards the prevention of climatic change on our planet. And secondly—we expect that an agreement of the same type will be concluded on the preservation of the Earth's biological variety.

[Shulyukin] And what is the state of the hole in the ozone, which people talk and write so much about?

[Petrovskiy] The hole in the ozone is also a very serious problem. But significant work has already been carried out in relation to this. There is the Montreal Protocol of 1987, which is aimed at cutting back production and demand for substances that are harmful to the ozone.

Regarding the agreements, adopted in June, 1990, on strengthening the Protocol's requirements, the Soviet Union, along with all of the industrially developed countries, took upon itself the obligation of limiting, and in some positions, stopping, its output of freon.

[Shulyukin] In the agreement on arms reduction, they are negotiating how much of one or the other weapon will be destroyed. And in the area of ecology—how can things be expressed concretely?

[Petrovskiy] Concrete conditions exist. You and I were just speaking of the hole in the ozone. There are also conventions that obligate us to observe certain rules in the transport of goods across international boundaries. There is a convention that forbids the military or any other hostile use of substances that affect the environment. That is, there exists a whole series of limiting measures for avoiding pollution of the environment. Over 140 environmental protection conventions have already been concluded. Of course, not all of them are equal. We have complied in practice with 60 agreements that directly or indirectly affect our interests. They regulate the activities of states not only on a global scale, but also regionally, in areas like, for example, Antarctica, the Pacific Ocean basin and the Atlantic, Baltic, and Danube basins.

There is one more policy that is very important: that is cooperation in overcoming the consequences of the accident at Chernobyl. The UN General Assembly has just adopted a resolution on this issue. It took place thanks to a phenomenon that is unique for the USSR—120 states came forth as its initiators. This bears evidence of the realization that one country's pain in the ecological sphere is understood as a universal catastrophe. And now, on the basis of this resolution, there will be new international efforts.

Agreements have been signed on conducting international experiments in the Aral basin, on joint work in studying and preserving the unique ecosystem of Lake Baykal. Now we are concerned about taking on the problems of the Black Sea, The White Sea, and the Lower and Middle Volga.

In all of these issues, we are freeing ourselves from the stereotypes of the past. We are still hampered by survivals of the ultra-secret mentality and by our lack of understanding of the fact that ecological issues cannot be solved alone, in closed regions. International efforts are needed. They allow us to receive not only qualified evaluations and knowledge, but make the latest technology accessible as well. This is the basis for success in the battle to heal the environment.

## **Soviet, Latin American Cooperation in Asia-Pacific Region Viewed**

*91UF0257A Moscow LATINSKAYA AMERIKA  
in Russian No 11, Nov 90 pp 122-127*

[Roundtable: "The Asia-Pacific Region: Opportunity for a Breakthrough?"]

[Text] A "roundtable" was held in the USSR Academy of Sciences Latin America Institute which studied the question of the role and place of the USSR and Latin American countries in the development of the Asia-Pacific Region (APR). Representatives of research and practical organizations, specifically the USSR Foreign Ministry and Ministry of Foreign Economic Relations, the Soviet National Committee for Asia-Pacific Economic Cooperation, the Far East and Oriental Studies institutes, the Diplomatic Academy and other departments, took part.

A.D. Bekarevich, USSR Academy of Sciences Latin America Institute: At the present time ever increasing significance is attached to problems of the APR, both in the system of international relations and in our bilateral relations with Latin American countries. It is this that explains the fact that we are now turning to a discussion in such a representative composition for the second time in a year. The results of the first "roundtable" were collated and reflected in the book "The Soviet Union, Latin America, and the Asia-Pacific Region," which has just been published. Today's discussion should be a logical continuation of the preceding work. An attempt at a forecast of events and development trends of the APR, extremely necessary for the formulation of a global concept of our cooperation in this region and, accordingly, our approaches to its practical realization, would be of the most interest, in my view.

V.I. Dolmanov, Secretariat of the Soviet National Committee for Asia-Pacific Economic Cooperation: The Soviet Union aspires, granted the negligible nature of our participation in economic cooperation and integration processes in the APR, to participate in the work and become a member of the Conference on Pacific Economic Cooperation (CPEC). And this is natural inasmuch as geographically, politically, and in terms of all other parameters we are a Pacific power.

You will recall that the CPEC demonstratively dissociates itself from politics and government organizations. Although the CPEC authorities are in terms of composition triple: They include representatives of industrial, government, and academic circles. These representatives are present there as private individuals, and this is a principle of the CPEC. At the same time, however, the fact that such highly authoritative people are collaborating in this organization makes its decisions and its conclusions very valuable, useful and widely used in all countries. A new initiative concerning the creation of a Pacific Countries Forum, but at government level, for an analysis of the economic and, to some extent, perhaps, political situation in the region and determination of the prospects of its economic development and area of

cooperation has now emerged. It is necessary in this connection, perhaps, to adopt a more circumspect approach to our active efforts to join the CPEC right away, because if an organization at government level is created, the role of the CPEC could be reduced to one of consultant to the new organization, and the Soviet side might find itself in not all that comfortable a position for a great power. There is one further disturbing fact. In January 1990, during a meeting with the general director of the CPEC Permanent Secretariat in Singapore, he expressed, as quite a surprise to me, the idea that the Latin American countries have their own home, so to speak, and that they should hardly be incorporated in the work of the CPEC and ranked with the countries of the so-called Pacific rim. But I do not believe this is the organization's opinion or that it is the prevailing opinion.

**A.I. Sizonenko, USSR Academy of Sciences Latin America Institute:** Statements to the effect that the Latin Americans have "their own home" are quite simply explained. On the one hand Singapore, the ASEAN countries, and South Korea fear Latin America to some extent as a competitor and potential supplier of raw material to the APR. On the other hand, the Latin American countries themselves are in no hurry to join the integration groupings in the Pacific. First, the traditional orientation toward the United States and Europe is reflected. Second, they are reluctant to join any blocs, afraid of finding themselves in the position of unequal partners. At the same time the Latin Americans are keeping a close watch on the processes under way in the Pacific. In fact the Latin American countries have observer status in all the international organizations that have emerged in the APR. Mexico, Peru, and Chile are particularly active. Chile has long been pursuing its own special Pacific policy, about which, unfortunately, we know little. The South Pacific Commission consisting of four countries: Ecuador, Peru, Colombia and Chile, has been operating since 1952. This intergovernmental organization recently held its 20th session. A Chilean was made its general secretary in 1990.

The development of the USSR's relations with Latin American countries across the Pacific is a promising direction of Soviet-Latin American relations. This is an important reserve of ours. The possibilities here are perfectly realistic. If we go deeper into history, we find precedents. Back in the 19th century "Russian America" traded with Mexico via California, and round-the-world journeys were made. If we turn to the present day, there are primarily political prerequisites, in my view. We and a majority of Latin American countries have a common aspiration to make the Pacific a zone of peace and security. The USSR and Latin American countries advocate a halt to nuclear testing in the South Pacific. There is a clearly expressed desire for the development of trade relations. A specific example: We recently received a letter from our commercial representative in Mexico, who reports that the Mexicans have a great interest in the development of trade with the Far East. And the commodities that are of interest to Mexico are listed and,

what is more, what, in turn, Mexico could offer the Soviet Far East is indicated. However odd, the Far East has never, as far as I know, been represented at the now numerous Soviet exhibitions staged in Latin America.

What could we do to take steps to develop our relations in the Pacific? Back in 1988 in Krasnoyarsk, M.S. Gorbachev advocated the convening of a conference of foreign ministers of countries of the Pacific region to discuss topical problems of the APR. In addition, the USSR could in conjunction with other countries begin the formulation of a kind of "Pacific Charter" that would declare the rights, duties, aims and tasks of the Pacific countries on questions of cooperation, peace, security and so forth. This idea has been put forward by the Latin Americans also, incidentally.

Finally, the open skies issue was discussed recently at negotiations in Canada. But why not think about and discuss the question of the Pacific as an "open ocean?"

**M.I. Lazarev, USSR Academy of Sciences Latin America Institute:** I would like in connection with the interesting "open ocean" idea to dwell on the problem of the liquidation of foreign military facilities in the APR. Everyone knows full well that in the event of a conflict arising each of them would come in for a retaliatory attack. No country that has a foreign military base on its territory could remain neutral. A foreign military force frequently serves as an instrument of interference in the internal affairs of the host country. And, finally, vast sectors of fertile land and fishing grounds in this way removed from economic circulation are allotted to accommodate it. We have for several decades been hearing ardent appeals from the world democratic community and the Soviet Union for the elimination of the foreign military presence on others' territory. It is well known that the USSR's biggest base in the Pacific region—at Port Arthur—was liquidated back in 1955. Thought needs to be given to what should be done to ensure that the other side also have an interest in their elimination. The rapprochement of the positions of the two leading powers—the USSR and the United States—is contributing to this to a certain extent. The idea of the conversion of military bases into civilian facilities: repair enterprises, shipyards or fish-farming agro-industrial complexes and plants, could prove fruitful. All this would produce colossal returns and profits. In addition, recreation centers, beaches, and so forth could be created on their grounds. The key to the solution of the problem lies in conversion, which would be mutually profitable to all its participants.

**A.V. Kudryavtsev, USSR Academy of Sciences Far East Institute:** The Sixth International Congress of the Latin American Association for the Study of Asian and African Countries (ALADAL) was held in September 1989 in Havana. More than 10 papers of Latin American specialists were devoted to Pacific problems, which reflected the exceptionally great interest in the processes under way in the APR. But one is alerted by the fact that in all the speeches of the Latin American representatives



there was, alas, practically no mention of the Soviet Union when they listed possible partners in the APR region. Their priorities are perfectly clear: Japan, the new industrial countries and, to some extent, China.

Our Latin American partners are distinctly aware of the USSR's limited possibilities, primarily in the economic sphere. Our economic reform is proceeding slowly and with great difficulty. We are not "players," so to speak, in the APR as yet. The big changes in the world, in the East European countries in particular, have to "suggest" to our Latin American colleagues that our attention on a global level will, for all that, be oriented, as before, toward European policy, and by no means toward the APR, about whose role we are doing little more than just talk as yet.

I believe that these factors do not speak in favor of the dazzling prospects of our Pacific cooperation.

**V.P. Nikolayev, USSR Academy of Sciences Oriental Studies Institute:** Latin America is as yet relatively inadequately represented in the organizations of economic cooperation that are beginning to emerge in the APR. In this respect the position of the Latin American countries is noticeably coincident with the position of the Soviet Union as an outsider, as it were, in the Pacific community. This is reason to believe that we could find many points of contact along the lines of political cooperation. Struggle for the creation of a joint nuclear-free zone in the southern hemisphere could be an important direction of our joint activity. However, it would be wrong to confine ourselves merely to political or military-strategic aspects of cooperation. We should evaluate also the prospects of an expansion of economic relations, which will open up as we implement the plans for the economic development of Siberia and the Far East. The Soviet Union will be coming into competition increasingly with the Asia-Pacific countries that are involved in the sale of raw material, with Latin American states included. It is important to think about how to divert possible rivalry into the channel of cooperation. We should probably create an association of countries producing and supplying coal, oil, timber, iron ore and other raw material for the purpose of excluding losses from mutual competition in the Pacific and establishing cooperation in the sphere of the trade in raw materials.

**A.Yu. Rudnitskiy, USSR Foreign Ministry Diplomatic Academy:** Much of what we intend pertains to the sphere of pious wishes: In reality we do not possess all that much. It has been mentioned that, considering the difficult situation in the economic sphere, more attention could be paid to military-strategic and political aspects. Yes, this is so, and attention is already being paid to them. But at the same time I would like to suggest that attention be focused on such universal problems as those of humanitarian cooperation and cultural development. It is possible to cooperate in this sphere even when there are no material resources. It is possible to start at any moment, and it is immaterial whether one participates in the ATEF and CPEC or not. It is quite easy finding

mutual interest in the sphere of cultural and humanitarian scientific relations. And, perhaps, it is here that the prerequisites that will subsequently stimulate the development of economic and political cooperation will be laid. In fact, only initiatives, not necessarily of government but of any interested public organizations, are required. It would be desirable for them to be based not in Moscow but in the Far East, of course.

**I.Ya. Ishchenko, USSR Ministry of Foreign Economic Relations:** It is hard to expect an orientation on the part of Latin American countries toward our Far East currently. Hard because these countries know little about us generally, about the latent possibilities of the Far East even less. We cannot at this stage speak about some material expression of Soviet and Latin American cooperation in the APR. Of course, there is interest in cooperation and there are certain moves in the direction of such cooperation. And we should create the prerequisites for it. After all, we currently have very little knowledge of what interests them in the Far East, nor do they have any idea of what our Far East is. In this respect the Latin America Institute, the Oriental Studies Institute, and the Far East Institute could most likely render great assistance in the creation of joint projects with scholars of Latin American countries on the use of natural resources and the solution of scientific and economic problems. These could be themes connected with marketing and the practice of the creation of joint ventures also. Both practical organizations of the USSR and business circles of Latin America have an interest, and the research institutes should be helping us to determine effective paths of cooperation.

**N.N. Kholodkov, USSR Academy of Sciences Latin America Institute:** In what way is it possible to establish in the APR economic relations with Latin America? At the present time they are at the zero level primarily because our interests in this region are practically parallel. On the one hand, both the Soviet Union and Latin America are suppliers of raw material commodities.

On the other, they are endeavoring to gain access to the high technology and modern production engineering developments that the countries of the APR, primarily Japan and South Korea, possess. Does this mean that in the medium term and even in the long term, perhaps, there are no possibilities of an expansion of cooperation? It seems to me that there are such possibilities even now. And it is not a question of waiting until market mechanisms contribute to their realization. Our job is to assist the formulation of certain economic and, perhaps, political decisions that accelerate this process. Thus there is a possibility of the joint development of the fish industry and the organization of supplies to this region of certain natural resources. But the greatest prospects are afforded by the creation of free economic zones on the territory of the Far East, to which the capital of countries both of the APR and Latin America could be attracted. It could be channeled into such sectors as the fish, wood-processing and food sectors and the agro-industrial complex (particularly into the development of enterprises for the



processing of agricultural produce). It should in any event be a question primarily of the development of mixed enterprise, even, perhaps, in the sphere of high technology and supplies of jointly manufactured machinery and equipment to the APR market. The possible variations of such cooperation on a bilateral, trilateral, or multilateral basis (with the attraction of the capital and manpower of China, for example) are quite diverse.

**Ye.G. Kapustyan, USSR Academy of Sciences Latin America Institute:** Dying words to the effect that Chile should look only toward the Pacific are attributed to Chile's national hero Bernardo O'Higgins. And Chile is actively engaged in a search for possible partners in the APR. There is a number of directions in which we could find common points of contact, including in the military-political sphere. The issue of the demilitarization of Easter Island may hardly be raised today, but the question of the demilitarization of Chile's Antarctic stations can and should be raised because a review of the Antarctic treaty will begin in 1991. Chile, as a subscriber thereto, lays claim to a number of territories and it will in this respect, possibly, come into conflict with the interests of other Latin American states (Argentina and Ecuador, for example). Even Cuba, the sole Caribbean country with its station in Antarctica, will find itself involved in this process. Considering our interest in a demilitarization of this part of the world and the expediency of the continuation of certain scientific research (the flora and fauna and the meteorological conditions of the fifth continent), it is essential to establish cooperation between the pertinent organizations of the USSR and Chile for the formulation of common approaches to the new treaty.

**P.A. Sergiyev, USSR Foreign Ministry:** We could be asked: Why break lances and waste money and efforts finding partners in Latin America, if there are such partners close by? In my view, the mere possibility of the formulation of such a question requires of us, together with a search for specific paths of cooperation, a serious and in-depth study of this problem in the theoretical plane.

The world is today in a process of large-scale change. We respond quite promptly to a change in the situation in relations with the United States and West Europe and with Asian and African countries to this extent or the other. But the Far East, Pacific vector of our foreign policy requires more attention, it seems to me. There are both Latin America specialists and orientalists present here today. Earlier, 10-15 years ago, this would have seemed astonishing: What could they have had in common? But today the new realities have brought these people together and seated them at the same table. This is an indication also that, evidently, the elaboration of a long-term—not for 10-15 but for 50 years, say—strategy and new eastern policy of the Soviet Union that incorporates all the Pacific countries, Latin American included, is on the agenda. We have long been speaking of the idea of Asia-Pacific cooperation. I believe that this

concept needs to be developed further and made specific. It is today not all that precise. Not only India and Syria but also Mexico, Peru, and Chile have come to be "mixed up" in the Asia-Pacific tangle. We need in this connection to alter our approaches to the Asia-American Region of the Pacific.

Latin America will in the foreseeable future have an interest in the presence in this region of a strong and authoritative Soviet Union. In just the same way, we must be interested in an analogous partner in the shape of the Latin American countries. We must raise up and assimilate the Far East, employing the boldest political and economic projects. And I would like in this connection to emphasize that Latin America needs to be seen as an ally.

**A.D. Bekarevich, USSR Academy of Sciences Latin America Institute:** The "roundtable" has furthered our understanding of the role of Soviet-Latin American cooperation in the APR. And brought us somewhat closer to the formulation of a scientifically substantiated concept of Soviet-Latin American relations in the Pacific. It should take account, on the one hand, of the system of relations in the Pacific that has already taken shape and, on the other, proceed from the place and role of the Soviet Union in the APR. Without this our concept could, naturally, prove artificial and scholastic and lack any chance of realization. It should also contain as a most important and necessary component a system of security. Both Latin America and the Soviet Union have an interest in a secure Pacific. I was recently in the FRG, where the debate "Latin America in Contemporary International Relations" was taking place. In the course of the discussion, Latin American scholars, Brazilians particularly, expressed the idea that the Soviet Union could be a guarantor of a system of security not only in the APR but in the South Atlantic also.

I would define as the second base component of the concept a solution of the problem of ecological balance. We have very many opportunities for cooperation in this sphere, in the Antarctic included. Here also our interests coincide absolutely.

The third component is use of the ocean resources on an equal and mutually profitable basis. I refer in this case to both the ocean floor and marine products. The elaboration of a program of the development of the Pacific shoreline of the USSR and Latin America with an orientation toward long-term cooperation should undoubtedly be at the forefront in our economic cooperation.

I would like in conclusion to emphasize once again that a scientifically substantiated, realistic concept of Soviet-Latin American cooperation in the APR should be an integral part of our Latin America policy.

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**Georgian Aide on CSCE Participation**

91UF0296A Tbilisi ZARYA VOSTOKA in Russian  
1 Dec 90 p 3

[Interview with Tedo Paataashvili, chairman of the Commission on Foreign Relations of the Georgian Republic Supreme Soviet, by Muradi Alashvili, parliamentary correspondent: "Georgia: The First Step Has Been Taken Toward a Common European Home"]

[Text] As we know, the Conference on Security and Cooperation in Europe (CSCE) in Paris came to an end on 21 November. Everyone realized that it was taking place at a turning point in European history. The changes in the Soviet Union, the turbulent events in Eastern Europe, and the unification of Germany erased the postwar division of the continent. A more homogeneous and less ideologized Europe is emerging, and the machinery of Europe-wide interaction is being developed. This was confirmed by USSR Foreign Minister Eduard Shevardnadze, who told a correspondent from a Moscow newspaper that "it is probably still too early for a full realization of what happened at the Paris CSCE gathering. This will take time. It is already obvious, however, that Europe has climbed to new heights, from which previously unseen expanses and horizons of cooperation by all of its countries and peoples are visible."

The conference in Paris was extremely representative: In addition to delegates from the 34 countries that signed the "Paris Charter for a New Europe," emissaries from countries on the verge of state independence also attended the gathering.

One of them was Chairman Tedo Paataashvili of the Georgian Republic Supreme Soviet Commission on Foreign Relations.

This is how he began his account:

[Paataashvili] I must say that, until 17 November, no one even thought of inviting representatives of the union republics to the Paris conference, which was supposed to begin on 19 November. The 45 members of a delegation from the Baltic republics were already in Paris and were actively soliciting permission to attend the conference as the guests of some European country....

Because the Western countries did not want to spoil their relations with the USSR at that time, the Baltic representatives were able to win guest status only because the Soviet Government had no categorical objections to this. On 17 November, however, the situation changed radically. Georgia, where the Communists had suffered a crushing defeat in the elections and National Democratic forces had taken charge of the government, probably played an important part. The central government apparently expected us to take unconstructive, reckless, and unrealistic steps, but the speech Akakiy Asatiani presented in Moscow, explaining our position—not a radical deviation, but the declaration of a transition period in Georgia—was of decisive importance in

gaining some positive support for our actions. Therefore, the situation changed on 17 November, and the central government decided to invite representatives from all of the "recalcitrant" republics—the Russian Federation, Moldavia, Armenia, Azerbaijan, Georgia, and the Baltic republics—to Paris. We were invited to accompany the main delegation to the French capital. The members of the official delegation included Gorbachev, Shevardnadze, and Yazov. We refused to accept this status, however, and we were then invited to go as the honored guests of the USSR Embassy in Paris. We accepted this invitation. The representatives from the Baltic republics already had an invitation from the French Government and naturally declined the center's proposal. This had certain consequences: On the very first day of the gathering in Paris, the Soviet delegation demanded the removal of the Baltic representatives from the auditorium....

[Alashvili] So you arrived in Paris...and then what happened?

[Paataashvili] I arrived in Paris around noon on 19 November, after this incident had occurred, and knew nothing about it then....

Detailed documents, which had been prepared in advance and only had to be signed, were being discussed at the conference. I had to make a choice: I could either make direct contact with the delegations from different countries, make copies of our documents and pass them out to the representatives of the 34 states participating in the CSCE and to French government officials, or turn the documents over to the organizing committee....

I have to say that the Soviet embassy in Paris operates quite efficiently, and the people there gave me a great deal of attention and tried to help me in every way possible.

My conversations with representatives from different countries took place mainly during the intervals between sessions because all of them were busy when the conference was in session. I also spoke with high-ranking officials from Moscow. The talks were profound and promising, mainly due to Moscow's familiarity with Georgian politics. I had equally frank conversations with French officials when Georgian emigres helped me make the arrangements for these official meetings and attended them with me. I was able to make copies of our documents and distribute packages of them to all of the delegations....

[Alashvili] Did you have any official meetings in Paris?

[Paataashvili] Of course. I made an appointment with the president of the European Bureau of the French Foreign Ministry, M. Blot, in the Ministry of Foreign Affairs and we talked for about 2 hours. The dialogue was extremely productive from the standpoint of the exchange of information about the positions of both sides, and we discussed many topics. He asked me about the status of our territories and autonomous units. At first I said I could

not answer the question in a couple of words, but later, when he said he would give me as much time as I needed, I explained the Georgian Republic Government's position on this matter in detail.

Later, because I was speaking with a Foreign Ministry official, the question of diplomatic relations between Georgia and France came up. This might sound like an excessively lofty ambition because we are not used to thinking in these terms, but we were told that cooperation would be possible even on the level of an exchange of official delegations as long as the leadership of the USSR was not categorically opposed to this, as it had been in the case of the Baltic republics. I expressed the hope that our cooperation would be possible and that we would exchange official delegations....

The establishment of permanent representations in the two countries were the subject of a separate discussion: They will be established mainly for the purpose of developing economic and cultural ties, but will certainly also perform some diplomatic and political functions. The main obstacle, however, will probably be our limited financial capabilities. We cannot afford to maintain a representative agency in Paris yet, although we might find some way out of this difficulty. We are working on this now.

My second official meeting in Paris was with M. Godinot, the prime minister's chief counsel, whom I had already met last summer when I accompanied a Georgian National Liberation Movement delegation invited to Paris by a Georgian emigre association there. This time we concentrated on possibilities for economic cooperation and discussed some specific projects. It is true that some interest in cooperation had been expressed in the past, before the national forces took over the government in Georgia, but we opposed it then. Now these relations will be much more productive.

[Alashvili] What does the Georgian Republic Supreme Soviet Commission on Foreign Relations plan to do in the future?

[Paatashvili] The main reason we went to Paris to attend the conference was to inform the leaders of European states and the United States and Canada of the changes that are taking place in Georgia and of its hopes for the future and to establish direct contact with the democratic Western countries.

I feel that I completed my mission, although there is no question that all of the work in this field still lies ahead. We realize that if we want the Republic of Georgia's interests to be expressed clearly and precisely abroad and if we want to achieve our goals, we must build the necessary structures for this, and this is the job of our parliament's Commission on Foreign Relations. We have already taken some steps in this direction. We sent a document to a Georgian emigre in France, for example, confirming his authority to represent the interests of our government. He and other Georgians will be responsible for establishing the necessary contacts and making the

arrangements for official negotiations in the interest of the Georgian Republic. Other candidates are being chosen for the same mission. I must stress, however, that our commission is primarily interested in cooperation with all of the republics on an equal basis and will probably exchange the appropriate representatives with them.

[Alashvili] You stopped in Moscow on the way back....

[Paatashvili] Yes, I did. When I flew into Moscow on 23 November, I learned that the new chairman of our Council of Ministers, T. Sigua, was there, so I stayed an extra day. I wanted to learn how the goodwill of the central government, which we had sensed in Moscow and in Paris, affected the economic negotiations. Our prime minister's 2-day stay in Moscow turned out to be extremely productive. Furthermore, there was tangible proof of this. For example, the officials our prime minister spoke with in Moscow said they had little interest in our politics and were more concerned about economic relations with Georgia.

I also went to the USSR Ministry of Foreign Affairs, where I spoke with some people I had met before I left for Paris and was then given an appointment with Eduard Shevardnadze. My conversation with him lasted for about an hour and was constructive and businesslike. This meeting offered further evidence of the goodwill of this agency and of the minister himself toward Georgia. My fairly long conversation with him left me with the impression that we can expect a normal relationship with Moscow officials.

[Alashvili] Tell me, what kind of documents did you distribute at the conference in Paris?

[Paatashvili] I left Tbilisi on 14 November. For this reason, I could only take the documents and materials we had by that time. They were a message from our parliament to the Paris conference, the political platform of the Round Table coalition, an economic plan, and a copy of THE GEORGIAN MESSENGER, an English-language Georgian newspaper. The people at the conference showed a keen interest in our package.

Therefore, the first steps have been taken in the direction of a common European home, which, we hope, will include several republics in the future. A great deal of time-consuming work lies ahead, and while we are doing this work, we will be ready and willing to cooperate with all forces in the West and the East on an equal and mutually beneficial basis....

#### **Estonian Cities Join International Union**

91UF0296B Tallinn SOVETSKAYA ESTONIYA  
in Russian 27 Nov 90 p 3

[Article by P. Kaldoya (ETA): "Union of Estonian Cities Renews Ties"]

[Text] After an interval of half a century, the Union of Estonian Cities is once again participating in the work of

the International Union of Local Administrators (IULA). Estonia was represented at an international seminar in Helsinki on 20-23 November by Toomas Mendelson, chairman of the Union of Estonian Cities and mayor of Tartu, and Sulev Laaene, government counsel and union secretary.

The delegation met the leaders of the IULA and delivered a personal message from Arnold Ruutel to President Lars Eric Ericsson of the organization and First Secretary Jacek Zapasnik.

### Discussion of Estonian Foreign Policy

#### Officials Reject Media Criticisms

91UF0235A Tallinn PAEVALEHT in Estonian  
9 Oct 90 p 3

[Statement released by Lennart Meri and Endel Lippmaa: "Estonia's Foreign Policy Is Consistent"]

[Text] Foreign Minister Lennart Meri is currently in New York attending some post-conference events of the European Security and Cooperation Council and has, at least in part, perused the articles about our foreign policies that have appeared in the Estonian media. In this context, it is necessary to reveal the following:

Foreign Minister Lennart Meri and minister without portfolio Endel Lippmaa have, from their very first day in the government, worked in complete accord with each other, with the chairman of the government, and also with the resolutions passed by the Supreme Soviet. Articles that have appeared in the Estonian media recently are indicative of opinions held by representatives of such media or by political forces behind the journalists, and do not in any way reflect the real goals of Estonia's foreign policy which, as the government's program states, is the full and unconditional restoration of independent statehood to Estonia. The disinformation about Estonia's foreign policy that's now being spread by some journalists for reasons we cannot fathom today, is sure proof of the fact that Estonia's foreign policy is getting close enough to its goal to endanger the forces opposing independence.

There are enough forces opposing independence in both of the superstates, and their sophisticated counter-efforts should neither be underestimated nor tolerated. The Estonian public can be sure that our foreign policy has not been influenced by these forces.

**LENNART MERI** Foreign Minister, Republic of Estonia

**ENDEL LIPPMAN** Minister Without Portfolio,  
Republic of Estonia

New York and Tallinn Sunday, October 7, 1990

### Media Defended

91UF0235B Tallinn PAEVALEHT in Estonian  
9 Oct 90 p 3

Inquiry signed by five journalists: "Who Stands Behind the Journalists?]

[Text] In the course of one week, two different statements concerning our media have been made by the Foreign Ministry of the Republic of Estonia. The unsigned statement dated October 1 and issued to ETA [Estonian Telegraph Agency] on the official letterhead of the Foreign Ministry of the Republic of Estonia reads: "Some reviews of the two plus four treaty that have been published in the Estonian media have been inexcusably unprofessional and as such caused some perplexity among governments of states otherwise well disposed to us."

On October 7, a statement released by the Foreign Ministry of the Republic of Estonia was aired on Estonian Radio and Estonian Television. It dealt with articles about our foreign policy that had appeared in the Estonian media. The statement bears the signature of Endel Lippmaa, minister without portfolio, and the name of Lennart Meri, Foreign Minister of the Republic of Estonia.

The statement says that: "Articles that have appeared in the Estonian media recently are indicative of opinions held by journalists representing such media or by political forces behind the journalists." It also adds: "There are ample forces opposing independence in both of the superstates, and their sophisticated counter-efforts should neither be underestimated nor tolerated."

In connection with the foregoing we, as journalists who have covered topics touching on the foreign policy of Estonia, would like to ask the following questions:

- What are some of the articles published in the Estonian media that are specifically referred to in the statement of the Foreign Ministry?
- What political forces, those of the two superstates opposing Estonia's independence among them, stand behind which journalist?
- Which governments well disposed to us have been perplexed by articles published in the Estonian media that touch on Estonia's foreign policy?

October 8, 1990

**Harri Tiido** (EESTI RAADIO)

**Kalle Muuli** (EDASI, EESTI ELU)

**Toomas H. Liiv** (PAEVALEHT)

**Peep Kala** (PAEVALEHT)

**Peeter Raidla** (RAHVA HAAL)



### Confusion in Policy Seen

91UF0235C Tallinn PAEVALEHT in Estonian  
14 Oct 90 p 3

[Article by Peep Kala and Toomas H. Liiv: "Estonia Needs a Concept for Foreign Policy"]

[Text] On Wednesday, the Senate of the U.S. Congress ratified the so-called "Two Plus Four" treaty that was, as we know, signed in Moscow on September 12. A resolution was added to the ratification document that affirms continuation of the U.S. Baltic policy that has been followed up until now.

To quote from the article by minister Endel Lippmaa in the Friday issue of PAEVALEHT titled: "U.S.A. Senate Determined on Wednesday: The Territory of the Baltic States Is Not Part of the Soviet Union": *"The addition of such a resolution was not an accidental, undeliberated step, but the result of close cooperation between the U.S. Senate and the leadership of the Republic of Estonia."*

On the same day, RAHVA HAAL carried an ETA [Estonian Telegraph Agency] item titled "Lippmaa Stayed Home Because Senate Situation Favorable" that would also merit quoting here:

*"Arnold Rüütel and Endel Lippmaa had reportedly received a telephone invitation from the U.S. government a few days ago to meet with president Bush and Secretary of State Baker on October 12. Endel Lippmaa admitted yesterday that there was indeed an opportunity to meet with Bush, but a meeting with the president would have required a very compelling reason." Lippmaa's opinion was that "everything indicated that our objectives were already being met, and even more favorably so, in the Senate."*

However, is this **reiteration** by the U.S. Congress saying that the Baltic states should not be considered part of the Soviet Union really such a major step toward reaching our independence? Such statements have been made repeatedly after World War II. The policies of U.S. post-war administrations have also, at least in words, always denied that Estonia, Latvia and Lithuania belong to the Soviet Union.

It is the opinion of these writers that, under the circumstances, it would have been more useful to establish direct contact with the U.S. administration. That would have provided real support for the process of getting out from under Moscow's power. Moreover, the "Two Plus Four" treaty, with its ratification bolstered by the Baltic states resolution that had been *a result of close cooperation between the leaderships of U.S.A. and the Republic of Estonia*, did actually not touch on the Baltic states at all. The treaty fixes the **boundaries of Germany**. The only other state mentioned is **Poland**, whose present border with Germany is considered obligatory.

### The "Two Plus Four" Does Not Concern Us

This was also confirmed by Jon R. Purnell, U.S. Consul of the Leningrad Main Consulate at his October 11 meeting in Tallinn with Enn Liimets, deputy Foreign Minister of the Republic of Estonia. The position of the United States is as follows:

**"The "Two Plus Four" treaty has absolutely no connection to the Baltic states or to the circumstances of their occupation by the Soviet Union. The fate of the Baltic states is a separate matter entirely, and fears that the Baltic states would lose their rights to independence as a result of the signing of this treaty are not founded. The non-recognition policy of the United States remains unchanged by it.**

Undoubtedly, one can agree with the position of academician Lippmaa that the interests of big and small states do not coincide. But do we really have reason to see in the U.S. government's position a conspiracy against us?

A completely different matter, however, is the state treaty between the Soviet Union and the Federal Republic of Germany concluded in Moscow on September 13, Article 2 of which views Europe's boundaries as final. It would have been more logical to try to append the Baltic states resolution to this treaty as it actually deals with the boundaries of the Soviet Union. Unfortunately, this can no longer be done, since the Soviet Union-FRG state treaty has been ratified bilaterally.

### All Is O.K. in Foreign Policy, Media Meddling?

Recalling last Sunday's article in PAEVALEHT: "Who is Conducting Foreign Policy in Estonia?" and the scathing joint statement that followed bearing the name of Foreign Minister Lennart Meri and the signature of Endel Lippmaa, minister without portfolio, one is reluctant to address, once again, the matter of different lines being followed for Estonia's foreign policy. But it needs to be done just the same. Despite the joint statement of the two ministers, one is left with the impression that differences still exist between the foreign policy lines of individual cabinet members.

When it comes to the so-called Radio Free Europe announcements, that seemed to have been released to the media by the information bureau for the Foreign Ministry, the story is quite simple. As mentioned in our October 7 article, one of the ministers of the Republic of Estonia accused RFE [Radio Free Europe] of being a mouthpiece for the CIA and of protecting the interests of superstates. (The same accusation was levelled against journalists in the Meri-Lippmaa statement).

Discussions with staff members of the Foreign Ministry revealed that RFE only acted as a transmitter, since fax connections from U.S.A. to Estonia are next to impossible to get. We also want to offer our apologies to Mr. Toomas Hendrik Ilves, whom we tried to protect in our previous article on foreign policy, a protection—as it later turned out—he did not need. But if there was a



need, it would have been for protection against those in whose opinion the U.S.A. and the CIA are for sure trying to trip up our foreign policy.

#### **Things Snagged in the East, Eastern Minister Looks to the West**

Tensions relating to the implementation of economic boundaries have been becoming ever more obvious over the last few days. A location visit to Narva was made this Thursday by minister Artur Kuznetsov and counselor Tiit Nuudi from the Supreme Soviet Presidium. Endel Lippmaa, the Minister for Eastern Affairs, was not there, even though he had cited northeastern Estonia where *"an unfavorable situation is developing"* as one of the reasons for not travelling to the U.S.A. (see ETA announcement in yesterday's RAHVA HAAL).

There have also been delays with the ratification of the Russia-Estonia treaties, an area that should clearly be the bailiwick of the Minister for Eastern Affairs. However, as our readers may have noticed, for a whole week now we have been running stories from the U.S.A. marked "received through Endel Lippmaa."

When Lennart Meri and Edgar Savisaar—one earlier, the other later—went to the U.S., all journalists started complaining about the lack of information. Looking at it realistically, it is indeed the job of the journalist to obtain the information; the statesmen, however, have the right to withhold such information at their own discretion. (After the Bush-Savisaar meeting the day before yesterday it was quite clear that America's administration *has* taken the course toward actively supporting the Baltic states).

It seems that much more curious, in retrospect, that our Minister for Eastern Affairs preferred behaviour contrary to that of the leader of his cabinet. After all, as a

politician, Savisaar refrained from making any comments for a few days before his meeting with Bush.

Aren't we dealing here with a curious race between hoisters of the blue-black-and-white flag? We cannot say anything before the return of Lennart Meri and Edgar Savisaar from New York, but FM's [Foreign Ministry's] first statement regarding media (see October 2 issue of PAEVALEHT) leaves an impression that this is not *necessarily the position of the FM. But, we should not jump to conclusions.*

#### **Supreme Soviet's Foreign Commission Also Demands Clarification**

As we mentioned already in Thursday's paper, the Foreign Commission of the Supreme Soviet is also confused about the situation regarding our foreign policy. Tiit Made, deputy chairman of the commission, told PAEVALEHT only the day before yesterday that they have repeatedly asked minister Meri to speak about our foreign policy concept before the commission. To this day, the minister has not complied. And, indeed, it would be hard for him to talk about a concept (or doctrine) that hasn't even been discussed in the Supreme Soviet.

We should also recall Arnold Rüütel's proposal in the same Thursday paper: to form a permanent task force for solving current problems of foreign policy, which would consist of the Chairman of the Supreme Soviet, the Prime Minister, the Foreign Minister, the Minister for Eastern Affairs and the Chairman of Supreme Soviet's Commission on Foreign affairs. But that, too, presupposes the existence of a concept. It will also call for splitting up the turf to determine who may, and who will have to do what.

Who, then, is going to create a concept for Estonia's foreign policy?

**PEEP KALA TOOMAS H. LIIV**

### Transformation of CEMA Pondered

91UF0322A Moscow SELSKAYA ZHIZN in Russian  
8 Jan 91 p 3

[Article by Andrey Balebanov: "On the Road To a Unified Europe; The Commentator's Opinion"]

[Text] The perestroika which began five years ago in the Soviet Union, regardless of how its initiators are criticized today, has brought impressive changes not only to our country's domestic life. It has melted the ice of the "cold war" in Europe and ushered in a qualitatively new era of mutual relations between all states. The 134th CEMA Executive Committee held over the weekend in Moscow once again reminded us of this. This meeting adopted the resolution to dissolve the Council for Mutual Economic Assistance.

Formed exactly 42 years ago—in January of 1949, CEMA in its existing form had fully exhausted itself and no longer corresponded to the current tasks of socio-economic development of its member states. Henceforth the Council will be transformed into the Organization for International Economic Cooperation. That, at least, is the name proposed for the CEMA successor. The final name, charter and structure of the new organization will be ratified by the 46th session of the Council, the final one in CEMA history, which will convene at the end of February in Budapest.

I would especially like to note that we are speaking not of a change of signboards, but rather of a radical reorganization of the forms and methods of cooperation. Unlike CEMA, the new organization does not intend to deal

with coordinating the national economic plans of the member states. The main characters in it will be not governments, but individual enterprises, farms, concerns, and sectors who are interested in direct mutually beneficial relations. At the same time, accounting between partners of the former socialist alliance is being changed over to freely convertible currency and world prices. And although the new order promises some real benefits as well as considerable problems, practically all the former CEMA member states have agreed to cooperate under these conditions.

Despite the fact that the CEMA members are not only East European countries, I will dare to affirm that the creation of a new integrational structure on the ruins of CEMA represents one more brick in the foundation of the "common European home" which is being erected, whose construction would be impossible without market mechanisms. In this context, relations between CEMA's successor and such economic associations as the European Economic Community [EEC] and the European Free Trade Association [EFTA] are quite natural. After all, all of them have essentially the same goal—to create a free market of labor reserves, capital, goods and services.

The achievements of West European integration which have led to the repeal of boundaries and customs in the EEC have brought to the forefront the idea of creating a unified Europe on the basis of the Community for Mutual Economic Space. The planned creation of a new organization for economic cooperation in Eastern Europe opens clear prospects for establishing relations based on trust and mutual interest between all countries.

**Western Motives For Aiding Soviets Questioned**

91UF0358A Moscow IZVESTIYA in Russian 16 Jan 91  
Union edition p 7

[Article by Ye. Arefyeva, candidate in economic sciences: "The Healthy Egoism of the 'Good Uncle'; Is the West Striving to Economically Enslave the USSR?"]

[Text] In our fear of a winter famine, we have quietly put aside our debates about aid from the West and its complex relationship with our national pride. Yet somewhere in the depths of our soul there is some doubt—is the good uncle really so sincere, and why should he go to such expense for us?

In order to understand what actually motivates the West, let us turn to the conference of the Organization for Economic Cooperation and Development [OECD] Center for Study of Transitional Economies, which was recently held in Paris. From the first minute, the OECD conference participants began dotting all the i's. The problem was clearly formulated: To find methods of protecting the West, primarily Europe, against the danger from the East—mass emigration, pressure on the West European labor market, and decline in wages. From this stemmed the basic line of defense—aid in curtailing emigration and in supporting the Soviet economy.

On the background of all we have heard in the West during this year, I personally was impressed by the realism of this approach. Missing, perhaps, was our apprehension at the spread of domestic armed conflicts, which would also present a threat for the West. However, the initial list of socio-economic problems which lead to conflicts was outlined quite fully. At the same time, the discussion was conducted quite tactfully, in the form of a dialogue with East Europe, and even with a certain excess diplomacy. For example, the organizer and inspirer of the conference, OECD Deputy Secretary General Salvatore Zecchini, stressed that the West is motivated not only and not so much by egotistical considerations as by the desire to support the peoples of the East European countries in a difficult moment of their history, when the old has been destroyed but the new has not yet been created.

But, let us suppose, we discount the diplomacy and acknowledge the intentions of the West to be egotistical. Then we will see some interesting traits of this "egoism".

The fact is that today the notions held by the West regarding the possibility of external influence on our reforms are not exhausted by the idea of food shipments. The question is posed much more broadly: What sore points of the economy may be influenced from without in order to achieve the greatest result in accelerating modernization, and in what forms?

Here the watchful reader, recalling the pluralism of our political convictions, might ask the perfidious question: "Where is the development supported by the West

directed? And this is really important to understand. I will dare say even now, prior to the development of any target conception of aid given to us, that we may assume the following. Today the primary concern of the West is to reduce the acuteness of the shortages and imbalances which have paralyzed our economy. But since there is no life without movement, we will not achieve independent development without modernization, and so the support of reforms is also being discussed.

Therefore, there is as yet no definite character in Western proposals. After all, their experts understand just as well as ours how difficult it is to combine financial stability with structural changes in the economy, the struggle against inflation with the dismantling of the command system and the creation of a market. Nevertheless, we may speak of a general directionality of reforms, as seen by the West: From administrative regulation to a market, from total state ownership to multiplicity of its forms, and from a closed economy to an open one. By admitting the need to support reforms, they are providing an answer to one of our most vital questions—support cannot be a one-time action. It is important to bring production out of the breach.

In accordance with the two different tasks—short-term stabilization of the situation in the USSR and support of the reform process—two types of aid are being discussed. The realism of the approach is manifested, among other things, in the fact that the first form is certainly not reduced merely to food aid. For example, as a measure of rapid reaction the Western experts see the possibility of aid in levelling out our foreign economic imbalance. Some of them propose reviewing part of the Soviet foreign indebtedness, as was done in regard to Poland. It is believed that relieving the burden of unpaid debt will restore the solvency of the Soviet state, which was noticeably undermined in the passing year, and consequently—will bring convertibility of the ruble closer to reality.

Also listed among the immediate measures are capital investments capable of increasing the Soviet market's power to attract foreign private investors. It is believed that these immediate measures, which do not promise great profits, would be implemented along the line of state crediting, which would be quite favorable, even though the participation of foreign capital would be needed at this stage as well.

Long-term measures are another matter. Here the goals and forms are different, and the main role is ascribed to private capital. Different variants of foreign financing presuppose the support of reorganization of the economic mechanisms and sectorial changes. For example, in creating a branched and flexible credit system. Or let us take the backbone of all transformations—privatization. Various kinds of support from the West may also be very appropriate here.

As for sectorial reorganization, the proposals are concentrated on those spheres of production where the reasons

for the most apparent shortages are rooted. These are transport and communications, power production, and the agricultural industry.

And now we will try to answer the second basic question: Do the traits of such an aid program coincide with our expectations? Does a new downfall await us around the corner as a result of some hidden dirty trick? Evidently, and this has often been said, it is we ourselves who determine the main thing. However, let us turn our attention to something else. Today our domestic development and the evolution of international relations (under our own influence) have led to a unique situation in which the interests of the parties have coincided. To seek other motives in the policy of the West, other than those which are harmonious with our expectations and moreover common to all political movements, would mean to repeat the old mistakes of suspicion.

Of course, we cannot exclude different interpretations of the task of reform in the Western understanding as compared, say, with that of Soviet radicals and conservatives. Yet for now, at the current stage, when the political associations in the Soviet Union have not worked out their own clear economic programs and the West has not detailed its proposals, announcements about rejection of foreign aid appear to be more like an outburst of emotions.

Moreover, the proposals by the West seem to me to be more realistic than the Soviet programs for reform, including the "Basic directions" adopted by the USSR Supreme Soviet. This is because they are backed by an evaluation of the Soviet economy's capacity for independently emerging from the crisis, and their estimate of this capacity is zero. It is true, from Shatalin's program we may conclude that its authors are close to the same evaluation, and it is only our noble desire to limit ourselves to our own efforts which has kept them from frankly admitting the unreliability of their plans.

In distracting ourselves from the world market capacities in goods and capital, we are placing ourselves into a corner already at the stage of stabilization of the consumer market, when we are trying to overcome inflation and preserve political stability without an influx of imports. In planning structural reorganization, we find ourselves without any visible sources for each of its specific directions, and are forced to separate in time the structural changes and financial stabilization, dooming both parts of the reform to difficulty. Nevertheless, the structural reorganization which has been postponed is capable of once again destabilizing finances, since with reliance on domestic resources it leaves only one method of avoiding the social upheavals which accompany shifts in the labor market and mass closure of nonprofitable productions—the painfully familiar subsidies.

It is wonderful, we might say, that finally we can foresee the long-awaited measures for opening the economy. However, should we be happy at the fact that the basic portion of the stabilization and reforms does not depend

on the reaction which the world market on goods and capital exhibits towards them? At the stage of stabilization, the foreign economic imbalance is being corrected by force, and under this situation the curtailment of foreign trade is inevitable. At the subsequent stages the foreign economic sector is given free rein, like an independent artist, since it, being the source of resources, will largely determine the [state of] the entire economy.

The unfortunate aspect of such an approach is that it correlates with our traditional, largely mythical, notion about our own capacities.

Western researchers and practitioners use different points of departure. For them, the interconnection and interdependence of national economies in the world is not just words, but a part of their everyday life. Therefore, in spite of their reluctance to hand over to us the resources allocated for their own needs and for the third world, many of them have a more sober evaluation of our capacity to rely on our own efforts.

At the same time, the modernization of our economy includes, in their opinion, the activation of its foreign sector. In other words, no one is trying to enslave the awkward giant. On the contrary, they hope in time to return everything in its entirety, having turned the Soviet Union into a normal viable partner, and our market—into a part of the world market. In this, as in much else, lies the key to understanding the healthy egoism of the good uncle who subsequently intends to turn defense against our problems into mutual enrichment.

Yet what role is ascribed to the "attackers", you and me? As it turns out, still the same one—the realization of the course which we ourselves have proclaimed, those transformations which guarantee the irreversibility of reforms. In international practice it is generally accepted that the creditor and borrower of large funds to be used for reforms must agree on the content of the changes being financed, the "conditionality" of the credit based on the reforms. So we cannot avoid the problem which has worried the developing countries, the recipients of Western aid, throughout the 80's: Is it worth accepting the conditions which accompany the credits (the so-called "conditionality")?

Of course, the conditions may be different. However, in our case, as we see, we may speak only of the requirement of adhering to our own course. And then the combination of "foreign financing plus conditions on perestroika" is not only possible for us, but even necessary. Perhaps, this is specifically the direction of the recent USSR MFA announcement which discusses the package of mutual responsibilities. We would like to think that it lays the groundwork for the realization of a new realism by the West. For now, it is specifically the absence of such a package which makes the position of potential creditors unstable: As soon as there is any hint of danger of attack from the right, the plans for cooperation immediately fold.

It is true, Soviet economists, and later also the government, were given an active role in preparing the packet of counter measures, as is customary in the world today, and the responsibility would have remained with them. We must only hope that our side will also exhibit some realism, diverting its attention away from political passions.

After all, we have something to offer which is really of mutual benefit. In fact, the task for our country may be formulated as follows: To propose a plan of action on increasing the economy's capacity to absorb and productively utilize all the proposed forms of private and state capital, and to support the program of reforms by this plan.

### **West Japan's Firms Seek Economic Ties With Soviet Far East**

91UF0403A Moscow PRAVDA in Russian 24 Jan 91  
Second Edition p 5

[Article by PRAVDA staff correspondent I. Latyshev: "Niigata's Fears: Meetings on the Western Coast of Japan"]

[Text] Niigata, January—Although Japan is named Land of the Rising Sun, far from all of its inhabitants have the opportunity to view sunrises over the sea in the early morning hours. Only on the eastern coast of the country, washed by the Pacific Ocean, does it rise every day in the morning from behind the line of the sea's horizon. On the western coast, looking out on the Sea of Japan, the sun is somewhat slower in making its appearance: The reason is that there are mountain ranges dividing the country into two isolated regions. On the other hand, the sunsets over the Sea of Japan are every bit as beautiful as those seen from Sochi and Riga. Visiting Niigata, the largest city on the western coast, will convince you of this.

From Tokyo to Niigata lies a 300-mile automobile highway that cuts through the mountain slopes. Parallel to it, appearing now on one side of the highway and now on the other, runs a recently built high-speed railway which has reduced the time for a train trip from Tokyo to Niigata to two hours.

The appearance of Niigata, a city of 500,000, is on par with the country's largest cities. In the modern buildings of the central area are located branches of the largest Tokyo and Osaka companies, and a collection of new factory enterprises have grown up on the outskirts.

But there is one special feature in the life of Niigata distinguishing it from the cities of the eastern coast. This life is oriented first and foremost on commerce not with the United States and Western Europe or with the Near East but with the countries that are close by, including the Soviet Union, the PRC, and the two Korean states.

"It has been 20 years since Khabarovsk and Niigata became fraternal cities," says Kyoshi Kaneko, governor

of the prefecture of Niigata. "Recently I visited Khabarovsk, Vladivostok, and Nakhodka along with representatives of our business circles. We talked about the joint construction in the Maritime area of hospitals, information centers, and airports. We began preparations for the creation in Niigata of a special fund designated for capital investment in the USSR. The size of it will be about 5 billion yen. The first portion of that fund—1.25 billion yen—is supposed to be invested in the construction of hospitals. We have also come to an agreement with the authorities of the Maritime Kray on the establishment of naval and air passenger lines between Niigata and Vladivostok. We have raised the question of opening a Soviet consulate in Niigata. It would not be bad if we succeeded in doing it before the visit of USSR President M.S. Gorbachev to Japan. Incidentally, Niigata's business circles intend to include a visit to the prefecture of Niigata in the Japanese tour schedule of the high Soviet guest. The goal we are pursuing is to make Niigata a sort of stronghold for the broadening of ties between Japan and the Soviet Far East..."

The Japanese businessmen do not hide their great interest in our plans for the creation of special economic zones in the Maritime area, and they speak about their readiness to broaden trade as well as to search for other forms of economic cooperation.

Conversations with business people of Niigata, however, also showed something else: At present this readiness, in many instances, is merely for the sake of form, inasmuch as the representatives of the local business circles feel some fairly serious fears. What are they worried about?

Minoru Watanabe, executive secretary of the Chamber of Commerce and Industry, is one of the veterans of Japanese-Soviet cooperation. He is a frequent visitor to Moscow and Khabarovsk.

"To be candid," he said to me, "the reason for the indecisiveness of many of the entrepreneurs here and their unwillingness to go from words to deeds is the existing confusion in the economy and in the legislation of the USSR. At present your laws are unsettled and change from time to time. For an entrepreneur to play an active role, a minimum of two factors are needed: a good infrastructure and settled legislation. At present these things do not exist. Delays in the payment of debts for Japanese deliveries this year are also beginning to act as a restraining influence on the Japanese side. Lately they are holding a number of goods for export to the Soviet Union at the port of Niigata simply because the Soviet party is slow with payments. We understand that this is connected with currency difficulties and reforms of the Soviet banking system, but that does not solve our problem."

Nonetheless, Mr. Watanabe says that he is an optimist.

The time of my visit to Niigata coincided with an important event in the life of the city. That was a national forum of a movement to turn the Japanese Sea



into a world sea. Four hundred representatives of various regions of the western coast and foreign guests discussed ways of developing ties between Japan and its neighboring countries, including the Soviet Union, the PRC, the DPRK, and the ROK. Participants in the forum agreed on the need to assist in the efforts of the Soviet Union leadership directed at a transition to a market economy. Many specific proposals were made, such as the reconstruction with the aid of Japanese entrepreneurs of the Soviet port of Vanino, where the BAM [Baykal-Amur Mainline] ends. A number of major Japanese companies expressed their readiness to open additional branches in Khabarovsk, Vladivostok, and Nakhodka and to participate in the construction of hotel complexes in these cities. Interest was also shown in plans, forgotten for some time, for joint processing of oil and natural gas on the shelf of Sakhalin Island.

### **Official Views Soviet Integration With Europe**

91UF0357A Moscow TRUD in Russian 16 Jan 91 p 3

[Article by A. S. Chernyshov, chief of the USSR State Committee on Labor and Social Questions International Cooperation Administration: "Are They Waiting For Us In The West?"]

**[Text] The Common European House cannot be built without people from the West as well as from the East moving about freely in it and having comparable social and economic rights and freedoms. Despite the fact that the problem of creating a European social space touches each one of us in an individual plane, it has still been poorly resolved. The first steps in this field are encountering great difficulties.**

During M. S. Gorbachev's last visit to France, among other agreements signed was one of Soviet-French cooperation in the sphere of labor relations, employment and professional training. How do the prospects and problems of social change in European integration appear from our Soviet side? Our TRUD correspondent in Paris, V. Prokofyev, asked the chief of the USSR State Committee on Labor and Social Questions International Cooperation Administration, A. S. CHERNYSHOV, to comment on this question.

The processes of integration in Europe have long been ongoing in numerous spheres. However, when it came to people, the development of mechanisms for social protection and the creation of conditions for their intra-European migration, a thousand and one problems arose. And each of them requires special resolution.

Let us take, for example, the law which is being drafted in our country regarding entry and exit. A random survey of public opinion has already been conducted, and it shows that from 2 to 7 million people would like to go abroad, especially the young people, and try their luck on the international labor market. Perhaps these millions are ready, but the fact is that no one is waiting for them there, and if someone is offered work abroad, it is without preservation of the entire complex of social

guarantees. In order for the proclaimed right of obtaining work not only in one's own country, but also abroad, to be realized with reliable guarantees of social protection, the Soviet Union, aside from changing its own legislation, must also join in a number of corresponding international conventions and develop and conclude a large number of multilateral as well as bilateral agreements. First of all, these must be inter-state agreements on social security. In setting off on his journey, a citizen of our country must have very definite answers to the following questions: What will happen to his social insurance? What about his length of service applied toward retirement? Is he guaranteed compensation in case he suffers an industrial accident or work-related illness? If suddenly the person becomes ill, will he receive sick pay? The list of questions goes on and on.

Aside from this, there must be mutual cooperation between the agencies dealing with migration, specialized employment and job placement assistance. A person must be given assistance in seeking work abroad, and he must receive the appropriate permission. If the states do not assume mutual responsibilities, our people will be forced to engage, in violation of local laws, in "black" work—i.e., illegal work, the most low-paid, and without any social guarantees. We need inter-governmental agreements on the recognition of diplomas and other documents which confirm qualifications. So that it will not happen that at home you are an engineer, and there—a groundskeeper. And finally, there is the development of agreements to avoid double taxation of citizens. Each must know where and what kind of taxes he must pay.

This is an outline of the elements in the mechanism of social protection of our citizens abroad.

As for the USSR's participation in the social-labor sphere of cooperation which is relatively new to it, even though matters are progressing somewhat, nevertheless they are only creaking along. In the agreement recently concluded with France, for the first time in the history of our relations there was included a small but important element concerning "interaction on the international labor market", which would make it possible to subsequently continue the discussion on this topic. We must remember that within the framework of the "Common Market" and the North European association of countries, there are traditions of cooperation in this sphere which date back many years. There is strict group discipline and a strict regulation of the processes of labor migration and employment. Specifically, there is the resolution to limit or altogether prohibit the hiring of citizens of third countries in the countries of the European economic groupings. Among these third countries are Eastern and Central Europe, including also the Soviet Union. To begin the dialogue, it is necessary at least to change the attitude of the EEC member states and the Northern Council towards this process.

An important question is that of cadres. Our specialists are already being trained in numerous West European

countries, and in the future there will be even more of them. In France alone, up to 2,000 persons a year will undergo training for the next 10 years on a broad range of social-labor questions. Our country is experiencing a shortage of specialists who are up-to-date in their thinking. However, not all training is the same. Today in our country we are fascinated with such forms of training as management schools, instruction in marketing, and other fashionable things. Yet for us today it is important not only to trade, but primarily to produce. Of course, we must learn to manage people in a new way, but at the same time we must not forget that the country must move ahead toward a social-market economy. And for this we need people who know how the social-market mechanisms function.

In our country there have not been, nor could there be, any market specialists, especially specialists on a socially oriented market, since the market was rejected and ignored. All of our political-economic science was permeated with criticism and rejection of the market. Therefore, the theory and practice of the market must be learned from zero. After all, this is a very complex organism which takes centuries to develop. Its mechanisms must be studied, like a primer, forgetting that you are an academician, doctor, professor, minister, plant director, or specialist. All of us, the entire country, must sit down at the school desk. And in this sense the idea of cadre training to teach civilized behavior in the market is extremely important. After all, one does not have to be very smart for a barbarian market—of the Riga type. The chain of thought is simple: There are no goods, that means there is a shortage. And consequently, I will rob you, because I am the only one who holds the goods. People must be taught to be civilized participants in the market.

One other strata of problems is associated with social partnership and coordination of the social, professional and economic interests of the participants in market relations—the states, organizations of entrepreneurs and trade unions. If we have agreed and decided to make the transition to the market, we must develop such relations. As yet we have no such need in the global plane of understanding. We have only remote efforts at interpreting it and introducing it into the reform programs.

The agreement which was concluded with the French specifically lays the foundation for teaching our people to understand what the mechanism of social partnership represents, and what its role and place in the processes of socio-economic transformation are. We have agreed with the French side that we will gradually assimilate their system of social partnership, and then we will try to introduce it in our country, adapting it to Soviet conditions.

There is also our government's decision to create an International Center for Social-Labor Problems in Moscow. The French and others will help us in this. In essence, this will be not only an educational institution, but also a research and consultation center on problems

of social partnership, on the transition to a social-market economy, and on the creation of its cadre potential.

The Center is being created on the basis of the former Higher Komsomol School, today the youth institute. Primarily foreign experts, consultants, and lecturers will teach at the Center. Specialists will be prepared there for developing entrepreneur structures based on all forms of ownership—individual-entrepreneur, private-entrepreneur, cooperative, joint, stockholding, and state.

This task will be resolved, I hope, in conjunction with our renewed trade unions. The fact that the trade union movement's higher school has been transformed into the Academy for Social-Labor Problems is, in my opinion, an important element in the rapprochement and cooperation of these two educational institutions.

### **Export of Natural Resources Condemned** *91UF0309A Moscow SOVETSKAYA ROSSIYA* *in Russian 3 Jan 91 First Edition p 2*

[Article by V. Deryagin, Perm: "Rubles for You, Hard Currency for Us: Enterprising Businessmen Are Reselling Ural Raw Materials"]

[Text] The case that we will be talking about is not out of the ordinary. Ordinary commerce. A Swedish firm received 44.3 tons of aluminum from the USSR during August-September of last year. The cargo was shipped across the Tallinn Sea. It traveled to the Scandinavian city of Trollhättan.

I do not dare judge how the cargo shipper—the Estonian Gild Cooperative—received authorization to export non-ferrous metal. I also do not know if the proceeds for this cargo were in Swedish krona or in American dollars—it is possible that the parties agreed to a barter arrangement. Something else is known. Having acquired the semi-finished product for this commerce, the Estonian cooperators did not scrimp: They paid 400,000 Soviet rubles for the 50 ton shipment of this commodity. In other words, they paid R8 per kilogram of aluminum when average prices in a domestic economic cooperative vary from 80 kopeks to R1.5.

And the cargo was purchased from Kontakt Center for Youth Initiative under the VLKSM [All-Union Lenin Young Communist League] Committee of Perm's Modular Association imeni M.I. Kalinin. And that one in turn received the aluminum from funds (reserves) of that same association imeni M.I. Kalinin and from the Machine Building Plant imeni F.E. Dzerzhinskiy Association.

This is how long the chain is. It is curious that the plants themselves, even if they had wanted to, could not have shipped the shortage metal to the overseas black market. There is a strict list of products whose use is regulated by Article 16 of the Law of the USSR on State Enterprises (Associations) which has been approved by a USSR Council of Ministers resolution. In accordance with this

article, aluminum, alloys, and rolled metal are not subject to being sold or exchanged. Furthermore, in all government and USSR Ministry of Foreign Economic Affairs documents aluminum, including secondary alloys, powders, oxides, salts, semi-finished products, rolled metal, scrap, and wastes for sale abroad are subject to inspection by the appropriate USSR or union republic ministries and departments.

But it turns out that you can get around this entire paper fence using a not quite original manipulation that is nothing to write home about. You only have to give the metal the appearance of being finished metal. The technology for manufacturing aluminum plates for dummy floors has been mastered at Modular Association's foundry shop No. 10. Generally, these plates are manufactured from low-grade pig iron at other enterprises. But here they are manufactured from aluminum. It is true it creates the impression that it is lower quality, secondary aluminum, or is it?

The certificate signed by Youth Center Director O.Yu. Ivanov lists 60 tons of secondary aluminum that were transported onto the territory of the foundry shop from August 20-25. And a month earlier a document, signed by B.F. Bolbylkin, former deputy director of the Association imeni Dzerzhinskiy, authorized the sale of 60 tons of silumin (an alloy of aluminum and silicon) to render contract technical assistance to Kontakt. Silumin, as the BOLSHAYA SOVETSKAYA ENTSIKLOPEDIYA [Great Soviet Encyclopedia] points out, "is used during the manufacture of parts with a complex configuration, primarily in automobile and aircraft manufacturing."

There is one more interesting document. The creative collective of foundry men of that same shop No. 10 under the signature of Yu.M. Mayorov is obliged to manufacture aluminum plate from alloy AL-9 for Kontakt. In any pamphlet on metals, one can cull and read that silumin AL-9 is one of the best aluminum alloys and is suitable for all types of casting....

In short, no matter where we turn, and in the interrelations of the shop and NTTM [Scientific Technical Creativity of Youth] we are not talking about any sort of discarded, unsuitable for anything else besides dummy flooring, raw materials, but entirely good quality and even high-quality "winged" metal. And just why are they manufacturing dummy flooring from it? Just a form of semi-finished product not thermal processed and therefore retained its original structure. A form suitable for shipping, storing, and diverting attention of those monitoring.

Incidentally, the commodity is listed in the agreement between Kontakt and Gild Cooperative as follows: "Semi-finished metal dummy flooring."

Market relations have in mind both entrepreneurial skills and initiative. But business on the verge of folly, business for the sale of resources of a country that has found itself in an economic crisis—is this really an honest application of young strength and intellect?

Dummy flooring, no matter how you characterize it, is nevertheless a commodity. Contracting parties pay quite high prices. Each plate is sold for R2.80 within the association for neighboring shops. Cost accounting shop No. 10 does not earn anything any other way. Any foundry man will explain this. In principle, a worker does not care what and from what he casts. He knows the main thing—dummy flooring generates a cost accounting profit for his shop. At an oblast farm, they have even agreed to count real meat as a commodity. They do not talk about hard currency income. Although convertible denominations would be quite suitable to renew foundry equipment.

But Sweden is far from the foundry. And our unpampered shop is already glad of that since it receives 15 kopeks for each plate. At other operations, they do not invest less than what they have: For example, a carburetor body for a power saw—a formed part—costs only a total of three kopeks at state prices.

What is the result? According to the contract, half of the profits Kontakt received for the sale of the aluminum was transferred to the association fund. But rubles—not hard currency. You cannot buy the most modern equipment with that. Use it to pay wages? There are limits here, too. Construction of housing? Here too "wooden" rubles mean very little. It certainly is good to earn money but does the income cover the loss of 50 tons of metal that is in demand?

It is not worth talking about this story in detail if the deal that was completed through Kontakt was not typical today. And the problem is not only in the current economic chaos and the strip farming of laws.

In principle, one can agree with the sale of part of the resources if we are talking about disposable syringes, imported medical equipment, medicines, or leading production lines. A protest causes something else. Two years ago, the first conference on conversion took place in Perm. Defense workers came not only from the Urals but from many Russian oblasts. They brought sample products: From bicycles with carbon plastic frames to microwave ovens. How many passionate words were spoken at that time. How much faith that the country would be flooded with goods in a couple of years.

I especially recall the proposal of Perm NII [Scientific Research Institute] technologists to develop and begin producing an ultrasonic washing machine. Where are these "golden mountains" now? It is true that Perm Oblast is over-fulfilling consumer goods production plans. But screwdrivers and nails are not nearly the products that French, Japanese, and now Chinese firms are offering.

In short, the enormous scientific and technical potential of the industrially developed oblast is not working to satisfy the consumer market. Moreover, the dangerous process of squandering shortage materials, semi-finished products, and resources is gradually gaining momentum.

They are not superfluous. It suffices to say that Lysvenskiy Metallurgical Plant cannot bring the Lysva-15 model Progressive Electric Stove up to world standards only because there is a shortage of quality metal.

The sale of Russia's resources, no matter what economic, political, or legal justification has been advanced, has not been and cannot be considered to be trifles. And a strict rule is in force on the world civilized market economy: Either put a competitive commodity on the market or you will be transformed into an economically dependent colony. Under the command-administrative system, Ural chemical and machine building complexes were in colonial dependence on the center's defense doctrine. Under whose dependence do they fall now?

Are the future United States of Europe not awaiting the arrival of cheap semi-finished products from the "harmful" chemical and metallurgy sectors here? And the intermediary has already noted: The farsighted politicians of Baltic separatism insist on preserving economic ties with Russia. If you consider the experience of sales of Ural potash fertilizers through non-freezing Latvian ports and the wide choice of intermediary services offered by both small cooperatives and major customs agricultural firms, the diagram of resource sales through the Baltic is quite real and industrious. The intermediaries are not hurting themselves. Just like the dealers of the Estonian Gild Cooperative did not lose any profits.

So, why are we paving the road to the West with dummy flooring?

### **Soviet Union Renews Fishing Accord**

91AF0492Z Victoria SEYCHELLES NATION  
in English 19 Dec 90 p 1

[Text] Six Soviet purse seiners will be licensed to catch tuna in Seychelles' waters for another two years following the signing of a new agreement between fisheries authorities of Seychelles and the Soviet Union.

The agreement, signed last Friday at Independence House, follows one signed two years ago and which expires this week. The previous agreement also allowed six Soviet vessels to operate in Seychelles' waters.

Friday's agreement was signed by Seychelles Fishing Authority managing director Philippe Michaud and the permanent representative of the USSR Ministry for Fisheries, Mr Boris Sokolov who also led the Sovrybflot delegation at preliminary talks in Victoria in September. Soviet ambassador Viktor Amisimov was present at the signing.

SEYCHELLES NATION has learned that the agreement is an improvement on the previous one as it provides for an increase in the percentage of the catch to be delivered to the Seychelles side.

The Soviet vessels will purchase all their supplies including fuel and other services for fishing operations in Port Victoria. They will also sell to Seychelles any amount of their catch as requested at prices to be determined by both parties.

An observer designated by the Seychelles Fishing Authority shall also be present on each vessel.

The agreement also safeguards against marine pollution, prohibiting tuna or cargo vessels to empty their tanks or bilges within the Seychelles territorial waters.

## Foreign Trade Official on Impediments to U.S.-Soviet Trade

91UF0283A Moscow PRAVDA in Russian 27 Dec 90  
p 5

[Interview with Yuriy Chumakov, USSR deputy minister of foreign trade, by PRAVDA correspondent E. Karlov; date and place not given: "Is the Ice Breaking? What Stands in the Way of Economic Relations Between the United States and the USSR"]

[Text] U.S. President George Bush recently made a decision temporarily to lift the discriminatory Jackson-Vanik amendment, which for a decade and a half has been a substantial obstacle to the development of economic relations between the United States and the Soviet Union. This decision by the head of the Washington administration will permit our country in the near future to receive up to one billion dollars worth of government-guaranteed credits in the United States for purchasing American agricultural products, including food. Despite all the merits of this step toward more trade and economic cooperation, quite a few serious obstacles still remain, including those of a political nature. Yuriy Chumakov, the USSR deputy minister of foreign trade, discusses the prospects and problems of Soviet-American relations in this area.

[Karlov] Yuriy Nikolayevich, where do our trade and economic relations with the United States stand today?

[Chumakov] The state of these relations is not yet satisfactory. Although trade reached a record level in 1989—3.4 billion rubles [R]—it still constitutes about two percent of USSR foreign trade and less than one percent of U.S. foreign trade. Two-thirds of it are our purchases of grain and soybeans. This is why we had a negative trade balance last year—our purchases from the Americans were worth R2.3 billion rubles more than what they purchased from us. This is a substantial amount considering our acute shortage of hard currency.

The Americans buy our precious metals, chemical industry products, oil and oil-based products, and isotopes. They also pay for our services in uranium enrichment and processing. Among other things we export to the United States is vodka.

The share of machinery and technology in Soviet-American trade is insignificant. It constitutes only two or three percent of our export. Scientific and technological achievements have not become a subject for commerce either. Joint ventures, cooperatives, and investment cooperation still are not well developed. We have not created significant and stable ties in our trade with the United States with the exception of the "grain connection," which may hardly be regarded as a serious positive factor in our foreign trade with the United States.

[Karlov] What obstacles do we have to overcome in order to develop a mutually profitable Soviet-American economic cooperation?

[Chumakov] We have to free economic relations from the fetters of politization resulting from the "cold war." Its characteristics are high customs duties that limit the import of Soviet goods to the American market and legal sanctions and restrictions on the export to the USSR of so-called "strategic" equipment, science-intensive, and high-technology items... It is a paradox, but these export and credit restrictions make American companies non-competitive, and we have to give preference to partners from other countries.

[Karlov] In the course of President M.S. Gorbachev's visit to the United States, among other things discussed were the issues of developing Soviet-American economic cooperation; in particular, a trade agreement was signed. What opportunities for both countries will this agreement open after it is ratified by the U.S. Congress and the USSR Supreme Soviet?

[Chumakov] In the trade and economic sphere, the Soviet Union will receive the so-called most-favored-nation status; that is, terms that are normally accepted in world practice. Customs duties on Soviet-produced goods will be several times lower, which will increase their competitiveness to a noticeable degree, as well as the economic effect for us from selling them in the American market. Thus, there will be incentives to increase our exports to the United States of traditional as well as new goods and services. Among other things, I have in mind the export of the results of intellectual activities. At the same time, we expect a resolution of the issues related to financing and credit provisions for the American export of machinery and equipment and investment cooperation, including the carrying out of large-scale projects based on cooperation between Soviet and American partners. Conditions will emerge for the development of an infrastructure of services related to foreign trade, including information services and assistance to businesses, especially small and medium-sized ones.

Upon signing the trade agreement, we started negotiations on other intergovernmental documents related to, among others, investment protection and taxation. In order to meet the terms of signed agreement, we will need to bring in accordance with international law the current USSR norms of protection of intellectual property rights. We will need to revise many state standards which do not correspond to technical standards accepted in the United States and in other countries. We will also need to revise the conditions of accreditation and activities of foreign commercial representatives; issues related to use of money earned by foreign companies in the USSR also will need to be resolved.

[Karlov] Let us suppose that the Soviet-American trade agreement signed in Washington is in effect, the Soviet Union has received the favored-nation status in the United States, and other artificial barriers have been removed. How do you see the perspectives for expanding



Soviet exports to the United States? What new opportunities will emerge for our side? Have there been any changes in the competitiveness of Soviet products during the past two or three years?

[Chumakov] No agreements can substitute for export resources, active commercial activity, and professional experience.

The competitiveness of products and labor is the basis for success in the U.S. market, which is one of the largest and most complex in the world. It is ruled by hard competition and a demand for high quality goods. The current quality level of our goods does not leave any hope that we would be able to "conquer" American market with lightning speed, even if we receive the most favorable legal environment for our export activities.

We will, of course, continue to develop the export of those industrial goods that are already in demand in the U.S. market, for instance, tractors. We will strive to increase deliveries of oil-refining industry products, not through increased oil extraction but rather through more thorough and comprehensive refining based on state-of-the-art technologies. American companies have shown interest in this kind of cooperation, which can also help in solving ever-increasing ecological problems.

One of the real avenues toward increasing the competitiveness of our products is working together with foreign producers that possess advanced technology. We have already created a consortium with U.S. firms within which 20-25 joint enterprises will be operating. They will produce consumer goods, passenger cars, and medical equipment. The consortium should also assist in raising the technical and technological level in enterprises of the food, medical, machine-building, and oil industries, and to promote regional development and the resolution of social and economic problems. A similar consortium is being formed in the area of health care. We also plan to start about 20 large-scale projects involving cooperation in the area of aircraft and shipbuilding, communications, and computer technology. We are looking closely at the possibility of involving American companies in the conversion of defense industry enterprises, and in taking over the unfinished construction of industrial objects.

[Karlova] The U.S. President recently made a decision to lift one of the barriers on the road to building more fruitful Soviet-American economic relations—the long-standing limitations on the total number of Soviet citizens involved in business activities and permitted to live and work in the United States have been lifted. This apparently means that now there are opportunities for developing our "business infrastructure" on U.S. territory; that is, to open representations for Soviet participants in foreign economic relationships, exhibition halls for displaying Soviet goods, etc. Will the number of personnel attached to the Soviet trade mission also increase because of that?

[Chumakov] The American administration's decision is very progressive; however, it turned out that clarifications in regard to its application have made substantial amendments to it. The substance of these clarifications is that this lifting of restrictions does not apply to personnel of the trade missions and representations of other USSR state organizations. Neither is there any change in the status of the so-called "foreign missions"; that is, representations of the organizations and enterprises "controlled by the state." It is known that the overwhelming majority of Soviet participants in foreign trade activities are state organizations and enterprises. Therefore, the decision so far applies only to representatives of cooperatives, joint enterprises, and individual entrepreneurs all of which do not play a noticeable role in our trade with the United States.

[Karlova] What conditions, in your opinion, need to be created in our country in order to interest American companies in the Soviet market? What restrictions on their activities on our side stand in the way of their activities?

[Chumakov] First of all, the United States itself needs to liberalize its export controls toward the USSR, and to give credit support to the equipment export and investment projects that are being implemented on our territory with the participation of American firms.

The U.S. firms are not discriminated against in the USSR. They have the same rights and opportunities as other Western companies to obtain orders for goods and services that are supported by centralized financing and to dispose of money earned in the USSR. In accordance with our new customs tariffs that will be in effect soon, American exporters will enjoy a favorable customs duty rate—provided, of course, that the Soviet-American trade agreement goes into effect.

The difficulties that foreign companies, including American ones, experience on USSR territory are not related to any restrictions, but are caused by the current state of the Soviet economy, the underdevelopment of our market, and the inadequacy of our system in comparison with the legal structures of other countries.

Lately business circles in the United States and other countries, especially representatives of those circles who set their sights on large-scale operations with Soviet partners, have exhibited a growing wariness and now tend to take a wait-and-see position. One of the reasons for that is the sharp polemics centered on economic sovereignty of the union republics and their role in foreign trade.

No matter how these issues are resolved, one thing is clear: In order to have a successful development of Soviet-American business cooperation, we need to normalize trade and economic relations between our countries, and we need a stable economic and legal foundation that will firmly guarantee the interests of each partner and that will be in effect both in the USSR and the United States.

### Swedish Speaker Backs Baltic Independence

91UF0245A Tallinn SOVETSKAYA ESTONIYA  
in Russian 20 Nov 90 pp 1-2

["Speech by Thage G. Peterson, Speaker of the Swedish Riksdag (Parliament), at Sitting of the Republic of Estonia Supreme Soviet"—SOVETSKAYA ESTONIYA headline]

[Text] Mr. Chairman of the Estonian Supreme Soviet! Mr. Speaker of the Supreme Soviet! Esteemed deputies! Ladies and gentlemen!

It is my great honor today to address you as a representative of the Swedish Riksdag in the building housing the Estonian Supreme Soviet. My visit to Tallinn is evidence of the interest and assertiveness being displayed by us in Sweden in respect of the Estonian people's aspiration to self-determination and their desire to develop their state independently.

My visit to Estonia is the response to the visit in the spring of the delegation of the Supreme Soviet of Estonia headed by its chairman, Arnold Ruutel, who visited the Swedish Riksdag also. My visit is a natural continuation of the dialogue across the Baltic that has become possible thanks to the new political situation in Europe. The visit by me and our delegation to the Supreme Soviet of Estonia affords us an opportunity to discuss together—as representatives elected by our peoples—the role of parliaments in the shaping of the new Europe and the all-European cooperation growing on the basis of recognition of what may be expressed only by the will of the people expressed at general and free elections.

The durability of the cooperation of Estonia and Sweden is based on a tradition going back many centuries. We have begun to restore the former contacts at all levels. Private individuals, many organizations, communes, churches, businessmen and the cooperative system of Sweden have joined in the development of relations with your country across the Baltic. Development in the Baltic region has become a matter that concerns the entire Swedish people.

Official support on the part of Sweden is growing. It was recently decided that our mission in Tallinn would be increased by one employee, who would deal with questions of information and culture. A few days ago the government decided to expand our mission even further. In consideration of the demands with which we are being confronted by Swedish-Estonian cooperation, an employee responsible for activity in the sphere of cooperation will begin work in Tallinn, at the Swedish mission.

The process of democratization in the Baltic is being accompanied by an increasingly decisive demand for the restoration of independence, which the Baltic states possessed prior to their forcible annexation to the Soviet Union in 1940. The Supreme Soviet of Estonia adopted a declaration on 30 March that says that the Republic of

Estonia will be restored and that the independence of this republic will be achieved by way of direct negotiations with Moscow.

During his spring visit to Sweden, Arnold Ruutel, chairman of the Supreme Soviet of Estonia, emphasized that Estonia and the Soviet Union should find a solution by way of dialogue. We, for our part, are endeavoring to keep a close watch on the course of events at the negotiations between the Baltic states and Moscow. In the Foreign Policy Council, of which I am an ex officio member, we often discuss matters concerning Estonia, Latvia and Lithuania.

Against the background of the rapid development of the rest of Europe, it is important that the negotiations that have commenced be conducted without unwarranted interruptions and threats of the application of sanctions or forcible measures. Military pressure methods and threats are contrary also to the intent and wording of the Helsinki Final Act. Sweden supports the Estonian people's aspiration to self-determination. The Estonian people enjoy this right in accordance with the letter and spirit of the Helsinki Final Act. We are looking forward to the day when Estonia's independence is restored.

Although the cold war is already over, this does not mean that all the consequences of the world war have been removed. This will not be the case until the Baltic question is resolved and until freedom has been restored to Estonia, Latvia and, Lithuania as independent and self-sufficient states.

It is gratifying that democratically elected people's representations occupy a central place in the political life of a renewed Europe.

The CSCE summit with the participation of the representatives of the 34 states that participate in the CSCE process begins today in Paris. This meeting has a chance to be the most important for Europe since the so-called Yalta Conference. The CSCE, which has hitherto been a process without a clear-cut organizational framework, will probably as a result of the Paris meeting become an institutionalized system ensuring cooperation and security in Europe.

The spirit of Helsinki is the ideological basis of the peaceful transformation of Europe. For this reason the process of security and cooperation in Europe is of decisive significance for the future of Estonia also. For this reason, we in Sweden have insisted and have worked in the name of special measures being adopted ensuring for Estonia the possibility of following the progress of the CSCE process without the need to be a part of the delegation of another state.

Sweden hopes that the Paris summit will be a step forward along the path of realization of the aspirations of the peoples of the Baltic region to equal participation in European cooperation.

The Northern Countries Council is a suitable forum for contacts between members of parliament of the northern countries and the Baltic. The Northern Countries Council session in Reykjavik decided to send to the Baltic a delegation to confer on possible cooperation. This visit took place a month ago. A basis for further cooperation has now been laid, and Estonia, together with Latvia and Lithuania, has been invited to participate as a guest in the session of the Northern Countries Council in Copenhagen in 1991.

This is a result that I find gratifying, and I consider it logical. The Northern Countries Council is by nature a cultural association. Estonia is in terms of kinship of language, religious ties, and historical affiliation a part of the cultural zone of the European North.

In the period between the two world wars the three Baltic parliaments were members of the Interparliamentary Union. This organization, which may be characterized as a world parliament of parliaments, occupies a central place in the shaping of the opinions of members of parliament on an international scale. Parliaments of sovereign states with national Interparliamentary Union groups may be members of the Interparliamentary Union. As a first step en route to the restoration of Estonia's membership of the Interparliamentary Union, the Union's Swedish group is prepared to actively support the creation of an Estonian national group of the Interparliamentary Union.

Membership of the Council of Europe is a sign of a pluralist, democratic state. Two weeks ago Hungary was the first East and Central European country to once again become a member of the Council of Europe, being the first state of this region to win admittance to an organization of West European cooperation. By spring, in all probability, many East European states will in the course of internal development be ready to also be members of the Council of Europe. We are convinced that the time is not far off when Estonia also will participate in the important work of the Council of Europe.

The search for forms suitable for normal parliamentary work is an unending process. The Swedish Riksdag, which is now 555 years old, is debating constitutional reforms. That which is of mutual interest may be selected from the experience, both good and bad, that we have accumulated. I have, therefore, invited a group of representatives of the Estonian parliament, both politicians and officials, to Stockholm in 1991, as soon as possible, to study more specifically our experience and the way in which this experience is used in the interests of daily political activity.

The past year has shown that we have good opportunities for the development of day-to-day relations. Sea and air traffic has been established between Tallinn and Stockholm. Relations have been established between political parties, enterprises, and organizations of Sweden. The higher school in Karlskrona (Ronnebyu) in southern

Sweden conducts courses in market economics for Estonian businessmen. This educational activity is very important, strengthening the free market economy. New and profitable enterprises ensure economic development and employment and also lead to a rise in the living standard.

We wish to continue along this path and to create new contacts in increasingly new spheres of cooperation. We welcome the opening of an Estonian information office in Stockholm. We can show by daily cooperation that the Baltic has once again become a sea that unites and does not divide.

Mr. Chairman! Mr. Speaker!

The life of states is a mix of epoch-making events and practical day-to-day labor. In both cases parliaments have a central role.

The situation of Estonia and Sweden differs currently, but it is perfectly clear that we can learn a great deal from one another. It is my firm and frank wish that there be within the framework of Swedish-Estonian cooperation unrestricted and open cooperation between the parliaments also. The Swedish parliament and all six parliamentary parties wish for good and close cooperation with the Supreme Soviet of Estonia.

I thank you for the opportunity to address you.

#### **Danish Support for Baltic Sovereignty Assailed**

*91UF0279A Moscow SOVETSKAYA ROSSIYA  
in Russian 25 Dec 90 First Edition p 3*

[Article by V. Cherkov: "The Tactics of 'Small Steps': How People in Denmark Understand State Sovereignty"]

[Excerpts] In the debates regarding the future of our country, the nationalities question appears ever more clearly as a matter of not just our own experience, but also the experience of other countries and peoples. But I think we must be very cautious in carrying the latter over to our own soil, if that is possible at all; and in the countries of "heightened nationality risk," at all times there has been an unwritten code of conduct which says that people should treat the nationalities problems of other countries with understanding and even sympathy, but certainly in no event consider participating in resolving them.

Of course, the degree of intensity of nationalities problems is different in various states. There is Ulster, where extremist-minded forces continue to try to resolve the conflict of the two communities by terrorist acts. From time to time relations between the Flemish and Walloon communities of Belgium become strained. The Basques in Spain are continually making themselves known.

But sometimes nationality tension seems to be hidden from the eyes of the world community; so it is that in certain countries it is customary not to exaggerate

nationalities problems at home, and certainly not those beyond the country's borders.

Denmark is of unquestionable interest in that sense. It is here that turbulent events took place in the late 1970s: the question was being resolved of what state status its colonial territory, the enormous island of Greenland, would receive.

[passage omitted]

After long debate, Denmark adopted the decision to give Greenland autonomy in May 1979. The Danes undertook this step reluctantly, with only one purpose in mind—to mollify the growing dissatisfaction of Greenlanders with their powerless position, while at the same time retaining the position of mother country relative to the island.

[passage omitted]

Now, after 10 years of Greenland's "autonomy," no one has any doubt that Copenhagen chose the version of self-government for Greenland which was most advantageous to itself (and that version is also being applied to the Faroe Islands). The main objective of the Danish authorities was to maintain the state's unity (incidentally, the Soviet Government also upholds the very same point of view in relationship to the Union), which presumes, among other things, full application of the Danish constitution to Greenland, its inclusion as a constituent part of the Danish kingdom, and the resolution of questions of sovereignty exclusively by Denmark's central organs of state power.

But now, after recalling certain political realities of the Kingdom of Denmark, let us look at what certainly must be considered the departure of Copenhagen's foreign policy course from the generally recognized international practice of nonintervention in the internal affairs of other states. Specifically we are speaking of the Danish government's position regarding the events in the Soviet Baltic Region.

In late August of this year, V. Landsbergis, the chairman of the Lithuanian Supreme Soviet, made an official visit to Copenhagen. According to information which was leaked to the press, the parties agreed on "joint actions to strengthen the sovereignty proclaimed by Lithuania in actual fact." In assessing this visit, Denmark's government emphasized that it viewed the visit as practical implementation of "small steps" tactics in order to "materialize as soon as possible" the idea of Lithuanian independence in its political and economic aspects.

This is a serious "zigzag" in Copenhagen's diplomacy. For even quite recently Denmark, and, incidentally, the other northern countries, proceeded, at least superficially, from the assertion that they should not pour oil on the fire of political passions raging in the Baltic republics. Copenhagen apparently recognized the need to distance itself from intervention in the dialog between

Moscow and Vilnius. It seemed that there was understanding that outside aid should be sent to achieve more rather than less stability in the region and in Europe as a whole. In that not-distant time, Copenhagen and other northern capitals were guided, at least in words, by the idea that according to the USSR Constitution the Baltic republics are subjects of the Soviet federation.

But a little later Danish authorities changed their initial position sharply and in doing so, it seems, did not clearly picture the possible consequences of their steps. International specialists will have time in the future to figure out why Denmark, a participant in the CSCE [Conference on Security and Cooperation in Europe] and a country whose signature is on the Paris Charter, took on a concern for the Soviet Baltic Region, pitting its three republics against Moscow. For now one thing is clear—Denmark is making every effort to try to justify the role of "defender of the Baltic peoples." It has become public knowledge, for example, that at the humanitarian conference in Moscow in 1991, Denmark intends to raise, in harsh terms, the question of violation of the basic rights of Lithuanians, Latvians, and Estonians (that is how everything is turned upside down!). It would not be out of place to say that in making such gestures for effect, at the same time Copenhagen is using its other hand, so to speak, to prepare prohibitory legislation for those wishing to leave the Baltic Region for permanent residence in Denmark.

Words of support of the "just cause" of the Baltic Region ring out in Denmark at the highest level. U. Ellemann-Jensen, the minister of foreign affairs, announced that the process of restoring the sovereignty of the Baltic Region is "becoming irreversible." In this connection, in his opinion, the moral-political duty of Denmark and other Northern European countries is to render this process all feasible support. You can take him at his word, as people say. And here Copenhagen has already announced the founding of a so-called information bureau of the Baltic countries. Danish authorities consider the confidential memorandum on mutual understanding between the Baltic republics and Denmark, which specifies the status of the information bureau, the legal basis for committing this act. The possibility is not excluded that in the future the bureau will fulfill consular, ambassadorial, and other functions inherent to an official representation. The Danish crown has set the bureau's annual budget at 1.5 million Danish kroner.

How should this activism of the Danish authorities be assessed? What is it: a deliberate intention to block the Helsinki process or an attempt to help in resolving our domestic difficulties in this original way? Then the Soviet Union may boldly set ceremony aside and enter into direct negotiations with the Greenlanders, bypassing Copenhagen, on the subject of opening information bureaus in both Moscow and in Godthab (the administrative center of Greenland).

### Impact of Hard-Currency Settlements on Soviet-Finnish Trade Seen

91UF0295A Moscow IZVESTIYA in Russian 31 Dec 90  
Union edition p 5

[Article by V. Shmyganovskiy (Helsinki): "The End of the 'Special Relationship'? The Revision of the 40-Year-Old System of Settlement Terms in USSR-Finnish Trade"]

[Text] The Finnish newspaper SUOMENMAA called the news that all settlements between Finnish firms and their Soviet partners would be made in hard currency from the beginning of the coming year a "cold shower."

The clearing system—i.e., the settlement of accounts with balanced reciprocal deliveries—will soon be a thing of the past, along with a whole era in the economic relations between the neighboring countries. This was the era when trade was controlled, at least on our side, by politicians instead of businessmen. These politicians gave Finland special treatment, generously placing orders in that country, sometimes with no regard for world prices or the interests of their own Soviet clients.

This is why the clearing system was described as "a gift from fate" on the highest level in Finland. Because of this special relationship, the Finns never suffered from the energy crises that shook the other Western countries. In fact, they resulted in the expansion of exports to the USSR. No real money crossed the border: Firms received national currency from their own bank for these shipments, and Soviet suppliers were sometimes simply following orders "from above."

Nevertheless, Finnish Minister of Trade and Industry Ilkka Suominen was right when he said that these settlements, even if they were a product of the authoritarian system, gave both sides some degree of stability and prosperity, especially in the postwar period.

Suominen also said that there was no reason to be apprehensive. He said that around one-third of our trade had been paid for with hard currency instead of clearing rubles in the last 2 years.

The possibility of the move to new settlement terms was announced in the summer. "Are we not, because of the position we have taken, the worst impediment to changes in the USSR and the rest of Europe?" HELSINGIN SANOMAT asked at that time. "The resentful reaction to the news that clearing settlements would no longer be used in trade with the USSR suggests that we are."

Reminding its readers that Finland is the only Western country with a developed market economy engaging in trade based mainly on the barter principle, the newspaper went on to say: "Clinging to the past would be a sign of shortsightedness."

The press called the recent annual meeting of the Finnish-Soviet Chamber of Commerce the "funeral of the clearing accounts." Nevertheless, the prevailing mood at the meeting was optimistic.

Here is what the managing director of the chamber, Hannu Eskelinen, told me:

"Earlier statistics summed up the results of the trade year before it had even begun. Now no one can predict the final results, because buyers and sellers will have to find each other, and no one can force a partnership on them. I think this will be a great opportunity for many small and medium-sized firms in Finland, which once lived in the shadow of large companies and concerns."

The USSR's decision not to make any exceptions for Finland shocked the entire Finnish business community. As soon as the cancellation of the old terms was announced, heads of large companies went to Moscow in search of new contracts. Prominent politicians had warned the firms earlier not to expect a "transition period." As TURUN SANOMAT reported, office manager Bror Valros from the Ministry of Trade and Industry had this to say:

"Only Finland benefits from clearing settlements. If I were Russian, I would not sell us a single liter of oil...."

Many observers are wondering whether the "special relationship" in economic relations with us even benefited Finland.

"They say that trade with the USSR was the locomotive of the Finnish economy," the Social Democratic Party organ DEMARI commented. "This is true, but they forget that the 'locomotive' was running on political fuel and that the high level of trade was maintained by political decisions. Many firms were placated by the relatively easy business. They ignored the demands of competition and product improvement and turned their backs on markets in the West."

Some heads of firms now admit that the Finns often managed to sell goods and services no one else wanted to the USSR, and at an inflated price. The most farsighted people already knew the drawbacks of this system of settlements. Five years ago, then Minister of Foreign Trade Jermu Laine warned of the dangers of complacency.

"Although the death of the clearing system was expected in Finland, no one was prepared for it," HELSINGIN SANOMAT remarked. "A preliminary agreement on its extension for the next 5 years was reached just a year ago."

Therefore, the clearing system will soon be a thing of the past. Of course, the new procedure will entail many difficulties and unpredictable situations. The level of trade is certain to decline, but does this mean that our "special relationship" in the sphere of trade has really come to an end? Of course not. It was based, after all, not on a set of settlement terms, but on political stability, the



willingness to cooperate, and the legal instruments that withstood the test of time. Finally, our position as close neighbors will continue to affect our relations. This is actually a return from "political" trade to common sense.

#### **CSFR's Dienstbier on Foreign Policy Goals**

91UF0287A Moscow PRAVDA in Russian 31 Dec 90  
Second Edition p 4

[Interview with Jiri Dienstbier, deputy chairman of the CSFR Government and minister of foreign affairs, by PRAVDA correspondent A. Krushinskiy; place and date not given: "We Are in Favor of Good Relations with the USSR"]

[Text] On the eve of the new year Jiri Dienstbier, deputy chairman of the government and minister of foreign affairs of the Czech and Slovak Federal Republic, granted an interview to PRAVDA correspondent A. Krushinskiy.

[Krushinskiy] The past year has been marked by a high level of foreign political activity in Czechoslovakia. In this connection, how do you assess your country's present position in Europe and the world?

[Dienstbier] Czechoslovakia had to normalize its relations with the world first of all. Our relations have not been normal along all lines. As early as February we signed an agreement with the Soviet Union for withdrawal of its troops from Czechoslovakia, and this is being carried out. We have removed the concertina wire from our borders, concluded agreements for eliminating visa requirements with all European countries, entered into the "Pentagonal" (subregional grouping of five European countries: Austria, Hungary, Italy, Czechoslovakia, and Yugoslavia—ed.), we are conducting negotiations for associative agreements with European companies, and so forth. We participated actively in the preparations for the Paris summit, which accepted our ideas about the institutionalization of the Helsinki process. Another recognition of our activity is the decision to make Prague the location of the Conference on Security and Cooperation in Europe. We still have a lot to do. For example, we have to prepare new agreements with the Soviet Union and the unified Germany, complete the process of resolving the question of dismantling the military structure of the Warsaw Pact, and so forth. I think our position in Europe and the world is fairly good. Further development depends on the continuation of the peace and integration process on the European continent, on the success of democracy and economic reforms in Central and Eastern Europe, and, consequently, on our ability to introduce them.

[Krushinskiy] By the way, could you clarify when and how the CSCE secretariat will be quartered in Prague?

[Dienstbier] It should begin its activity in February 1991. A building is now being prepared for it on Tynov

Street, which is in the Mala Strana region. The secretariat had to begin to prepare for the summit in Helsinki which is earmarked for 1992.

[Krushinskiy] How do you envisage the year of 1991? What, in your opinion, will it bring to Czechoslovakia, Europe, and the world?

[Dienstbier] I would like for us finally to learn the lesson from past history and build a Europe of free peoples who are searching for forms of coexistence through democratic and peaceful means. I would like for there not to be any violent collapses and for aggressive nationalism not to grow stronger, since this would lead to greater "Balkanization" of the territory than has been the case until now. I would not like for the political demagogues or bureaucrats to replace creative and democratic individuals. Today's difficulties were inherited from the past and resolving them will require democratic cooperation. But this is possible only if we recognize the uniqueness of each subject which declares this. Only sovereign objects can be integrated, whether they are individual people or nations. It must be voluntary.

[Krushinskiy] Is it possible to speak about any interconnection between the foreign and domestic policy of Czechoslovakia?

[Dienstbier] The foreign policy will not get anywhere without a domestic base. And vice versa. It should create a favorable international atmosphere for internal development. It is necessary to provide for the security of the state but, at the same time, to search abroad for possibilities of support and aid to economic reform.

[Krushinskiy] The motto "return to Europe" presupposes a shift in Czechoslovakia's foreign political priorities from the East to the West. Czechoslovakia and the Soviet Union are largely linked together, however, in the sphere of cultural and historical traditions, economics, and from the standpoint of the problems that are now being dealt with in changing over to a market economy and building a new Europe. According to your predictions, how will Czechoslovak-Soviet relations be arranged in the new year?

[Dienstbier] It is not a matter of changing priorities, rather that we want to have equally good relations with all states. We are interested in good relations with the Soviet Union—with the center and with the republics, and with people. I think we will always have something to offer. I value highly what Eduard Shevardnadze has done for our relations. He is criticized for having "lost" Central and Eastern Europe. But it was the Stalinist and Brezhnevian great power dictatorship that lost them. It was Shevardnadze who understood that it was necessary to conduct a dialogue with our countries as with equal partners in order to get rid of the ballast of the past and create preconditions for friendship on a qualitatively new basis. The feelings our people had for one another were lost because of the great-power chauvinists. Shevardnadze resurrected these feelings. Therefore one

would like to believe that Czechoslovak-Soviet relations will develop in the same spirit in 1991.

[Krushinskiy] In conclusion, what are your wishes for PRAVDA readers?

[Dienstbier] I wish PRAVDA readers happiness in the new year, the fulfillment of hopes for the country's peaceful development, the surmounting of their difficult legacy from the past, and flourishing in a free and democratic atmosphere. We have paid a high price for all this and we deserve to have it.

### French Russians View Possible New Wave of Emigration from USSR

91UF0279B Moscow LITERATURNAYA GAZETA  
in Russian No 52, 26 Dec 90 p 3

[Interview with Georges Ivanoff, advertising specialist, and Michel Lebedeff, chemical engineer, heads of the Russian Association of Mutual Professional Assistance, by K. Privalov; time, date, and occasion not specified]

[Text] [Privalov] What is the attitude toward the coming wave of Soviet emigration in France, where one out of three residents traces his genealogy from foreign roots?

I posed this question to Georges Ivanoff, an advertising specialist, and Michel Lebedeff, a chemical engineer. They head the Russian Association of Mutual Professional Assistance—the largest organization of French people of Russian origin and descendants of the first postrevolutionary emigration. Here are their answers.

[Ivanoff and Lebedeff] It is at the very least naive to think that people in France await workers and specialists from Russia, the Ukraine, and our other republics with open arms. There are more than 2.5 million unemployed here as it is. It is not easy to come to the Fifth Republic—you need a visa to do it. But getting a visa in no way means that you are guaranteed work here. You can only take a job here after getting a residence permit—the special permission of the police prefecture. And, needless to say, it does not issue them to all who want them.

[Privalov] President Mitterand and the French Government did a great deal to see that the Soviet Union becomes a democratic country, and that its citizens receive the freedom to leave. Is the West perhaps not reaping the fruits of this policy now?

[Ivanoff and Lebedeff] Yes, at that time people here did not particularly wonder about what kind of emigration from the USSR would follow a break in the Iron Curtain. The West has been caught in its own trap. But even if it introduces draconian quotas for immigration from the USSR—like what the government of Sweden has announced already, people will still get through the barrier. Some out of need, some out of hostility toward communist dogma, and some who simply want to test their potential in a different society. They will come as tourists, on private invitations, and then stay by hook or

by crook. Fictitious marriages will increase. Most likely our mafia is organizing an underground network to supply Soviet work force to the West and prepare counterfeit residence permits. Necessity is the mother of invention: the important thing is hold on!

[Privalov] A foreign worker from Zaire or Turkey receives about 6,000 francs a month in France. But a fellow will come from somewhere in the Tambov or Poltava region and he'll agree to do the job for 3,000 francs right off. Isn't this kind of "labor dumping" possible, especially if we take into account that our people are not spoiled with wages in convertible currency?

[Ivanoff and Lebedeff] What happened to our ancestors in the 1920s may occur. No one was waiting for them in Europe at that time. No one sorted them out by abilities or virtues. Noblemen, the intelligentsia, and the industrialists—people with brilliant education—resorted to unskilled jobs and took on whatever the French did not want to do. They became taxi drivers, handymen, delivery men, and laundry workers. But now even those jobs are all filled by Algerians, Moroccans, Turks, Africans, and Yugoslavs.

[Privalov] If the journal LE FIGARO-MAGAZINE is to be believed, in 1989 only one out of three newborns in France was European. There are more and more cities where Arabs and Africans already make up more than half the population. Mayors and deputies talk out loud about the "danger of Islamization" of the country. Don't you admit the possibility that, even if it is not the government but the authorities of various cities, they may deliberately promote the replacement of certain immigrants with others: non-Europeans with Europeans, including Russians, Ukrainians, and Baltics?

[Ivanoff and Lebedeff] We would only welcome that. It is much more pleasant for us descendants of emigrants to walk on the streets where people are speaking Russian rather than Arabic or Tamil. But in France, a country of old democratic traditions, neither the authorities nor the public would ever allow a policy of persecuting foreign workers of various nationalities and discriminating in favor of some emigrants at the expense of others. It is altogether different that one immigration can be peacefully followed by another. For example, in the last decade Chinese people have inconspicuously replaced Arabs in certain blocks of Paris. Hard-working, highly skilled, quick to master the language, and surprisingly resourceful and enterprising, they have created a real Chinese district in Paris with stores, restaurants, and workshops in the national spirit. Do the future Russian emigrants have such qualities?

[Privalov] I recall a statement by Prime Minister Michel Rocard: "France cannot accept the whole world and all the world's poverty." That is quite true! But it sounds inhospitable, to put it mildly.

[Ivanoff and Lebedeff] Accepting immigrants is a good thing if we are speaking of cheap labor and a stream of

fresh "brains." But it is also an expensive business if we have in mind measures to help foreign workers and their families adapt to the new norms and conditions of life. For Russians a foreign land has always been a difficult test of survival and strength of spirit. A tough test. Look at our ancestors, who in the Russian way drained the cup of need to the bottom. Should our countrymen today spend their efforts and energy on uncertain emigrant happiness in a faraway land when there is endless work to be done in Russia? All they have to do is get started there.

### New Association for Study of Turkey

91UF0245B Moscow AZIYA I AFRIKA SEGODNYA  
in Russian No 9, Sep 90 [signed to press 20 Aug 90]  
pp 55-56

[Interview with leaders of new research center: "Center for Turkish Studies"]

[Text] A group of scholars of the USSR Academy of Sciences Oriental Studies Institute has sponsored the creation of the All-Union Association of Scholars on Turkey (VAIT).

Our correspondent D. Kasatkin met with Doctor of Philological Sciences S.N. Uturgauri, chairman of the association and head of the Department of Literature of Near and Middle East Countries of the USSR Academy of Sciences Oriental Studies Institute, and Doctor of Economic Sciences N.G. Kireyev, deputy chairman of the association and head of the institute's Department on Turkey, and asked them to answer a number of questions.

[Kasatkin] Please tell me what the goals of the association that has just been formed are.

S. Uturgauri: The association has wide-ranging tasks. These include primarily a contribution to the study of problems of the history, economics, policy, ideology, social anthropology, culture, art, literature, language, and folklore of Turkey, promotion of the creative activity of specialists on Turkey, the enlistment in scientific and popularizing work of as broad a range as possible of people with the requisite training, familiarization of the Soviet and foreign public with research into the problems of Turkey being performed in the Soviet Union and abroad, and the strengthening and development of friendly ties with Turkey.

[Kasatkin] What, in your opinion, are the main directions of the association's research activity?

S. Uturgauri: They are defined by the said tasks. They include study of the whole set of questions comprising the Turkology area study concept. But at this moment we are applying our efforts to the completion of the formation of the association and also to the preparation for publication of works of Soviet Turkologists of the last

decade. A special newspaper will be published. In addition, work has begun on the convening of the First All-Union Turkologists Conference.

[Kasatkin] Are there "blanks" in Turkish problems to whose removal the association will contribute?

N. Kireyev: Undoubtedly, there are. I would put in this category certain questions concerning the socioeconomic aspects of the history of Turkey at the start of the 20th century and study of the philosophical thought of republican Turkey and the "peaceful periods" in Russian-Turkish relations. After all, in the study of relations between our countries, which go back almost 500 years, the main attention has been paid merely to victorious wars with Turkey, whereas the 450-year-plus period of peaceful relations of two vast neighboring empires has not been studied at all. The cultural, economic and ethno-religious aspects of this problem are waiting to be studied and could be used actively in the establishment of good-neighbor relations between the two countries.

A number of problems pertaining to the history of republican Turkey and Soviet-Turkish relations of the 1920's-1940's period and the sphere of science and culture of the republican period is in need of Turkologists' in-depth analysis also.

[Kasatkin] The Soviet Turkological Committee attached to the USSR Academy of Sciences Language and Literature Department operates in the USSR. What kind of relations will the association have with this committee? The activity of these institutions will evidently complement one another.

S. Uturgauri: The Soviet Turkologists Committee is a research and coordinating body. It unites scholars working in the field of Turkic philology and culture and is designed to coordinate the research performed in this sphere in our country. The committee's attention span includes Turkey also inasmuch as Turks belong to the Turkic nation. The association and the committee could, therefore, have mutual interests. I would like to remind you that Turkish studies and Turkic studies are not the same thing. Turkish studies are a traditional oriental studies discipline, that is, a comprehensive science studying the country as a whole. But Turkic studies is a science studying the languages, literature and culture of the Turkic-speaking peoples.

[Kasatkin] There is great interest in Turkish literature in the Soviet Union. What part will the association play in familiarizing Soviet people with its best works?

S. Uturgauri: It should be emphasized that the association will rely on a sound foundation in this sphere. Our country's publishing houses have done and continue to do much to popularize among a vast Soviet readership the works of outstanding Turkish writers and poets. Thus one-volume works of Orhan Kemal, Yashar Kemal and Fakir Baikurt have appeared in the "Raduga" publishers' "Masters of Prose" series, and books of selected works of Aziz Nesin are being prepared for printing. Two

novels of Samim Kadjaguz: "Return of the Ten Thousand" and "The Quarrel," and also a collection of contemporary Turkish stories have been published, and a collection of modern Turkish plays is being published. The "Khudozhestvennaya Literatura" publishers is planning to publish an anthology of Turkish tales of the republican period. And, of course, the association will contribute to the continued popularization in the USSR of the works of Turkish writers and the satisfaction of Soviet readers' interest in the literature of our southern neighbor.

The association will endeavor to strengthen and develop relations with Soviet publishers publishing works of Turkish authors in Russian. Members of the VAIT will participate in the discussion of the plans for the publication of such books.

[Kasatkin] Soviet-Turkish trade and economic relations are enjoying great development at the present time. Might the association by its research efforts contribute to their successful development?

N. Kireyev: There are among the members of the board of the association many Turkish studies specialists dealing with questions of Soviet-Turkish economic relations. Discussion of these problems at meetings and conferences of the association, recommendations and evaluations and an exchange of opinions could contribute to a further broadening of the said relations. The association could to this end invite Turkish specialists and practical workers, scientists and business people to its scientific sessions and meetings.

[Kasatkin] The development of the association's relations and contacts with similar organizations of foreign countries will undoubtedly contribute to its successful activity. Which countries have institutions similar to the VAIT, and are our Turkologists familiar with their work?

N. Kireyev: Maintaining the association's relations with similar organizations of foreign countries is an important goal of its activity. The establishment and consolidation of relations with them serves the cause of enrichment of Soviet Turkish studies. I shall name the best-known Turkological centers of foreign countries. In the United States, the Association of Turkish Studies and the American Society for Oriental Studies; in Great Britain, the Oxford Britannia Society; in France, the Institute of Turkish Studies (Strasbourg); in Austria, the Oriental Studies Institute in Vienna.

We would like to establish contacts with international organizations also, these including the Association for the Study of Southeast Europe and the Committee for Pre-Ottoman and Ottoman Studies, which has organizational committees and headquarters in the centers where their conferences are held.

[Kasatkin] What research of a fundamental nature accomplished by Soviet and foreign scholars has made the biggest contribution to the development of Turkish studies?

S. Uturgauri: There are, you know, many such works, and we cannot pick out just one or two. The point being that Turkey today is a country that is demonstrating a steady and relatively rapid rate of development, is oriented toward broad integration in the modern industrial world, is transforming socioeconomic and political structures and possesses considerable intellectual potential. It is an influential force not only in the region but also in the world community. These factors have to a certain extent stimulated the dynamic development of world Turkish studies.

I would cite among the significant works of Soviet scholars of Turkish literature Ye. Mashtakova's monograph "Turkish Literature of the End of the 17th Through the Start of the 19th Centuries (a Typology of the Transitional Period)" and R. Fish's work "Nazym Hikmet—Sketches of Life and Work." Among the works of foreign orientalists who have replenished the scientific potential of Turkish studies, I would distinguish the works of D. Rostow (United States), S. Shaw (United States), H.-G. Mayer (FRG), P. Dumont (France), Dzh. Khakkov (Bulgaria), Z. Vesely (Czechoslovakia), and Z. Abrahamowicz (Poland). I would recall that the "Bibliographical Reference of New Turkey Studies," which is published annually in Vienna on UNESCO funds, includes, as a rule, 2,300-2,500 titles of works being published in many countries, including the United States, the FRG, and France.

[Kasatkin] And how are things in the sphere of Turkish studies research in Turkey itself?

N. Kireyev: Turkey has quite a ramified system of institutions and societies providing for the study of problems of Turkology. The country's history is specially studied in the Turkish Historical Society (Ankara) and in liberal arts faculties and departments of many higher educational institutions of the country, primarily the universities of Ankara, Istanbul, Izmir, and other cities. The research institutions and universities study in detail problems of sociology, philosophy, philology, religion, Turkish language and Kemalism. One notes among the works of Turkish scholars, on account of the depth of analysis and comprehensive content, the works of R. Kainar (problems of the tanzimat—the period of reforms of the mid-19th century that marked the start of the transition to a modern society), B. Hamatogullara (contemporary economic systems), and A. Kylychbai (reorganization of the statist economy under the conditions of an authoritarian regime into a market economy). The material of the journal published by the Center for Study of Problems of the Period of Ataturk is of great scientific interest. Soviet Turkologists are in constant contact with certain research institutions and take part in the organization in Turkey of scientific symposia and conferences.

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### **Berlin Authorities To Maintain City's Soviet WWII Memorial**

91UF0279C Moscow SOVETSKAYA ROSSIYA  
in Russian 27 Dec 90 First Edition p 3

[Article by Yu. Cherbakov under the rubric "The World in Events": "A Farewell March in Tiergarten"]

[Text] On Saturday morning, 22 December, Captain Georgiy Genchenko formed up his company in front of the monument to Soviet soldiers who fell in Tiergarten. That day the Soviet Army removed its post there for good and handed over custody to the Berlin authorities.

This monument is the only Soviet military memorial on German soil outside the territory of the former GDR. It was built soon after the end of the war by order of Marshal of the Soviet Union G. K. Zhukov, based on the design by the sculptors Kerbel and Ziegel and set only 200 meters from the Reichstag and the Brandenburg Gates—the location of the last battles in Berlin. Rose marble from the ruins of the Reich Chancellery was initially used as material. And 2,500 soldiers and officers of the Soviet Army who died during the taking of the capital of Germany were buried here, in a fraternal grave.

The monument was unveiled on 11 November 1945, and from that day until 22 December 1990 it was guarded by a company of the Guards Berlin Motorized Rifle Brigade which is, to this day, stationed in the Karlshorst district of Berlin.

The mass information media called the presence of a Soviet military post in Tiergarten a unique kind of symbolic curiosity, and it is shown to tourists coming to West Berlin. Its purpose, they believed, was to emphasize our presence there.

Well certainly, the monument in West Berlin is really a symbol of the Great Victory in the great war, a memorial to the millions of Soviet citizens who died in it. But this monument is also a warning to those who would again go to war against us. And it has had hard times, especially in the years of the "Cold War." In the early morning of 7 November 1970 shots rang out here in Tiergarten and Private Ivan Shcherbak, who was at his post, was wounded as a result. For our soldiers guarding this memorial in West Berlin has always been combat duty.

It was not easy to bid farewell to this combat post. There were even tears in the eyes of the soldiers, officers, and generals. Many of them, of course, did not believe that the post in Tiergarten, like Soviet troops in Germany, would remain forever. But neither did they believe that their departure from this place would be so quick.

Now, naturally, the legal question arises of the fate of other military Soviet monuments—there are quite a few of them on the territory of the former GDR. The treaty on friendship, partnership, and cooperation between the Soviet Union and the FRG says that after the Western Group of Forces leaves they will be under the protection of German law. And that includes the monument in Tiergarten.

But recently there have been a variety of statements on this account. Berlin senator for cultural affairs, Uwe Lemmman-Brauns, a Christian Democratic Union member, for example, believes that everything which "expresses Stalinist imperialism will be gradually removed." That means the two T-34 tanks and the two howitzers which are also part of the memorial ensemble in Tiergarten. But Wolfgang Gaujokat, the burgomeister of this region of Berlin, by contrast, thinks that the tanks and cannons should better serve as memorials than be used for their real purpose. And he observed in this connection that removing them from the memorial to the Soviet soldiers who fell in Tiergarten would run counter to the above-mentioned treaty. For now, in any case, he signed the act to accept the entire memorial complex, including the tanks and cannons, for preservation.



### Privatization of Polish State Enterprises Described

91UF0280A Moscow ARGUMENTY I FAKTY  
in Russian No 52, Dec 90 p 4

[Article by V. Sorokin, candidate of economic sciences: "Privatization: The Polish Version—The Private Sector in Poland Provides 20 Percent of National Income"]

[Text] The process of privatization has now reached all countries of East Europe without exception. In some of them, like Hungary, Poland, and Czechoslovakia, this process is already developing, and in others—only preparations for it are underway.

Various forms of public property produce 80 percent of the national income in Poland, while forms of private property produce 20 percent. The government estimates that in a few years this proportion will be just the opposite.

Poland thoroughly prepared itself to introduce privatization. On 13 July 1990, the Sejm adopted laws on privatization and the introduction of a special post of minister of ownership transformation. The advent of these acts was characterized as a historical event in Poland's development.

The Ownership Transformation Issues Council was created as a consultative organ under the chairman of the Council of Ministers. The new ministry will have territorial offices in various regions of the country.

### To Whom Will the Enterprises Belong?

The cash assets of a large part of Poland's population are small, and for the most part that money is designated to cover everyday expenses which are the result of higher prices and lower real wages. According to the estimates of the well-known Polish economist M. Mesczankowski, a large part of the cash reserves and foreign currency belongs to only 10 percent of the country's population. If the stock of the privatized state enterprises were sold on the market, these rich people would become the owners of them. That does not suit the collectives of the industrial enterprises which are the mainstay of Solidarity.

Poland has found an original solution to questions of privatizing state enterprises. Taking into account that state ownership was created by the efforts of the country's entire population, government privatization bonds were issued. They are being distributed free of charge among the entire adult population. Using these bonds, people can acquire the stock of the privatized enterprises, participate in the activity of joint investment companies, and buy the assets of enterprises being sold at auction. The bonds will be distributed in equal quantities.

Loans will be offered to make it easier for people to buy the stock of the privatized enterprises. For example, 30-50 percent of the stock will be sold for cash and the rest can be redeemed in parts.

The practice popular in the West where the buyer of the stock becomes the coowner of the enterprise after the first cash payment is also to be widely used. The rest of the capital is considered a debt which will be paid off later from the future profits of this company. This operation will double or triple the speed of the process of privatization as compared to traditional methods of selling stock on securities markets.

The workers of each enterprise have the right to acquire 20 percent of the stock on preferential terms for 50 percent of its actual value. However, the total value of these concessions cannot exceed the average annual wage in the public sector. No more than 10 percent of the stock of this enterprise can be sold to foreign banks and companies. In certain cases this proportion may be raised by decision of the government.

### When Will Privatization Take Place?

According to the government's calculations, privatization will take several years in Poland. The rate of its advance will depend on the creation of a securities market and the economic and social situation in the country.

The ownership of state enterprises is now being handed over to the State Treasury, which is transforming them into joint stock companies. After that, the possibility opens up for direct implementation of the process of privatization of major enterprises.

The so-called "small privatization" of small and average-sized trade, transport, and construction enterprises and the mass redemption of small stores, restaurants, and cafes, which thereby become private, are in full swing. At the same time, preparations are being made to eliminate 200-300 small and average-size industrial enterprises and sell their property to Polish and foreign companies and banks.

Among large enterprises, the first 12 have been singled out and they will be privatized in the coming months. The most profitable and efficient enterprises have been selected, and the public sale of their stock will arouse great interest in the country and abroad and provide the buyers of the stock with good income.

More than 100 enterprises which account for up to 10 percent of the industrial output are to be privatized within a year.

Despite the fact that the law on privatization of state enterprises has been adopted and has in fact begun to operate, the controversy surrounding methods for doing it has not subsided. The "Center" association, which supports L. Walensa, is criticizing the government program and believes that the process of privatization is being dragged out unjustifiably and that it must be accelerated and completed in a short time. Supporters of L. Walensa devote particular attention to the sale of stock directly to people working in that enterprise, return of the confiscated property to its former owners, and

immediate commercialization of the state enterprises' activities. The future will show how privatization will go now that L. Walensa has become president of Poland and Prime Minister Mazowiecki is retiring.

Nevertheless, despite all the disagreements, according to surveys most of Poland's population, including the workers, support the privatization of state enterprises.

### **German Involvement in Katyn Tragedy Hypothesized**

91UF0353A Moscow NEW TIMES in English No 52, 25-31 Dec 90 pp 29-31

[Article by Sergei Kuratov and Alexander Polyakov]

[Text] Many Soviet and Polish historians continue to believe that the motives of the Katyn killing remain unclear. Unfortunately, the lack of complete information about the activities of the Soviet NKVD and NKGB secret police in the pre-war years makes the search for concrete motives impossible. A number of versions have already been presented. The authors of this article have attempted to create their own version of the tragedy based on widely known historical fact.

### **Facts Come First**

From the viewpoint of normal human logic the motives of the crime defy understanding or explanation. However, an analysis of factual material allows one to draw some very plausible although undocumented conclusions.

Let us turn to the facts. After the German troops invaded Poland on 1 September 1939, Poland was alone in repulsing this aggression. On 17 September Soviet troops crossed the eastern borders of Poland. Commander-in-Chief of the Polish Armed Forces, Edward Smigly-Rydz, ordered his troops not to resist the Red Army or regard it as an enemy. As they advanced deeper into Poland, Soviet troops did meet occasional resistance from some Polish units who did not receive the CIC order, but mostly Polish servicemen surrendered without a struggle. As a result of the Polish campaign, the Soviet troops captured 250,000 enlisted men and 9 to 10,000 officers of the Polish army. The captured officers were kept in three main camps: 4,500 officers at the Kozelsk Camp, 6,570 policemen and border guards, and 380 officers at the Ostashkov Camp and 3,920 officers and about 100 civilians at the Starobelsk Camp. The total number of Polish POWs amounted to 8,800, other estimations suggest a figure of 9,010.

The NKVD agents started studying the POWs actively. It must be noted that although the Soviet Union had not yet joined the international covenant on the status of POWs, the regimen in the camps in the initial period was quite liberal: the officers were allowed to wear uniforms, keep their personal belongings, correspond with their relations in Poland, receive Soviet newspapers, keep diaries. Some were even allowed to leave the camp

compound without convoy. In other words, the POW camps were a far cry from the cruel GULAG.

According to the official historians, the Soviet government regarded the Soviet-German non-aggression pact of 23 August 1939 as a way to gain time in order to get ready for the war. Gigantic efforts were made to upgrade the national defensive potential. Under these conditions, the Polish POWs must have been viewed as the core of a future restored Polish army. It seemed that there was every reason to believe so. However, very soon things started developing in a different direction.

In March 1940 the regime at the POW camps was suddenly stepped up, the camps themselves were dissolved and the prisoners shipped to labour camps scattered across the country where they started working in mines, ore deposits, logging sites like ordinary convicts. Groups of captured Polish officers from the Kozelsk, Ostashkov and Starobelsk camps were convoyed to other places and many of them were shot in the Katyn forest. The elimination of Polish officers was carried out cruelly and methodically: the officers' hands were tied behind their backs. Then the executioners shot the officers through the head and placed the corpses in neat formations in accordance with the sequence of their evacuation from the Kozelsk camp. The prisoners of the Ostashkov and Starobelsk camps must have been shot as well, but their graves have not yet been found.

### **Unanswered Questions**

Questions arise in this connection. Was the elimination of Polish officers a payment for the delay of war? Or is it a confirmation of the Soviet leadership's firm belief that the threat of war with Germany had been completely removed? The facts suggest that the Katyn killing was a thoroughly planned, well-concerted action. If so, who engineered it and with whom was it coordinated? So far, there have been no complete answers to these questions. Let us remember some specific features of that time's international situation so as to obtain some indirect evidence.

The beginning of 1940 (the camp regime was stepped up in early March and the Polish officers were transported from the camps in April). Germany is almost prepared to fight a big war in Western Europe, planning the occupation of Norway and Denmark and the invasion of France. Germany wants to secure its rear, but a Resistance movement starts up in the occupied Poland and the Soviet Union is engaged in a cruel war with Finland. Besides, the pro-German quarters in Finland refuse to accept the Soviet terms of peace, while the Soviet leadership is guided by the fact that the Soviet-German pact of 23 September 1939 consigned Finland to the Soviet sphere of interests. Under these conditions, in an attempt to secure its Eastern rear and to attain freedom of action in the West, Germany suggests that Finland accept the Soviet terms of peace voicing the concern that in case of a Finnish refusal to do so, the whole of Scandinavia may become involved in the conflict. At the

same time, Germany and the Soviet Union join forces to clamp down on the Polish Resistance.

Let us not dwell on the above events at length. Let us single out only those facts which could have influenced the fate of the captured Polish officers.

The key event must have been the joint seminar held by the NKVD and Gestapo in March 1940. The one-point agenda suggested the discussion of ways to destroy the Polish Resistance movement. Proceeding from the political realities of that time, it is obvious that such a seminar could not have been possible without the consent and knowledge of the Soviet leadership. Such seminars (several were held) must have been backed by a top-level agreement, moreover, by the Soviet leadership's interest in speedier quelling of the Polish Resistance which was quickly becoming a nuisance for the Soviet authorities in the occupied Western Byelorussia and the Western Ukraine.

Although the Polish army had been utterly defeated and ceased to exist by the end of September 1939, the spirit of the Poles was not crushed. The Polish Resistance movement appeared in the same year. The movement was formed as two separate trends. The first trend united the old army cadres, mostly officers, connected with the Sikorski government in exile and the Union of Armed Struggle and supported by the patriotic sections of society loyal to the government in exile and advocating restoration of independent Poland. The other trend included cadres of left-wing organizations and the Communist Party which had been dissolved by a Comintern decree opposed to both the former government and the government in exile and supported by those patriotic sections which advocated restoration of Polish independence on a new basis of social justice. (It must be noted that the latter trend did not stir any trouble up for Hitler until his aggression against the USSR.)

The Sikorski government regarded the Soviet Union as an adversary and supported the Resistance movement in the territory of the former Poland, including the areas occupied by the Soviet Union. Polish Resistance fighters started killing Soviet officers and functionaries. The situation aggravated in connection with nationalization, dispossession of wealthy peasants and mass deportations carried out by the Soviet authorities in Western Byelorussia and the Western Ukraine which were strongly opposed by the local population. Germany understood very well that in this situation the elimination of the Polish Resistance movement was in the interests of the USSR as well as of Germany.

#### No Comment

The plans of joint Soviet-German operations to destroy the Polish Resistance remain top-secret, but their existence does not evoke any doubts. Naturally, the fate of Polish POWs could not have failed to be influenced by those secret plans. It is no coincidence that the camp regimen was stepped up in March. The Nazis must have been interested in the fate of Polish POWs. Although

captured, they still remained an army and officers were that army's core. It is highly likely that the elimination of Polish officers kept in the USSR was made one of the provisions in the joint Soviet-German plan to destroy the Polish Resistance. Germany had several reasons for wanting the Polish officers out of the way: on the one hand, to eliminate the officers meant to destroy the very structure of Polish army units, the potential basis for the restoration of the Polish army in the event of war with the USSR. On the other hand, the elimination of the creme de la creme of the Polish Army could be one more reason for fanning hatred between the Russians and the Poles. By killing the officers, the Soviet Union would associate itself with the German plans and prove its loyalty to the non-aggression pact and the treaty on friendship and the borders: a common struggle against a common enemy.

The Soviet Union had its own reasons. First, if Poles were not to be considered a potential anti-German force their continued presence in the USSR in the form of a compact whole should not become yet another possible pretext for a conflict with Germany. Second, many POWs became Soviet citizens because they lived in the areas annexed to the Soviet Union after September 1939. The officers of Western Byelorussian and Western Ukrainian descent, most of whom were of non-proletarian origin, could as a result be treated as "class enemies." Their elimination would demonstrate the Soviet loyalty to the Soviet-German accords, dispell German doubts and suspicions and remove "socially alien elements" at once. Third, it is known that Stalin, who blamed Mikhail Tukhachevsky for the Red Army's defeat near Warsaw in 1920, personally disliked Polish officers. Last but not least, it is possible that using a relative freedom to move about and receiving news from Poland, Polish officers might have established ties with the Resistance, which infuriated Russians and Germans alike. The POW camps were under the overt and covert supervision of the secret police. Such agents' activity among the POWs and their reports to the top could not have failed to influence the fate of the prisoners. These factors must have been the foundation of the decisions that resulted in the Katyn massacre.

There is also a number of unexplained details that make one think. Which guarantees did Germany demand to consolidate the agreements arrived at at the joint seminars? Why was Katyn selected as the site of the execution? Being well aware of massive shootings of "enemies of the people" in the USSR, the Germans must have feared that the Soviet secret police might shoot Soviet citizens and pass them for the Poles. Naturally, Germany needed guarantees that the USSR observed its commitments meticulously. Such guarantees could only be provided by what is now called on-site inspection. The documented fact that the Katyn victims were shot with their personal belongings and fatigues on them is usually explained by the rush of the execution which prevented the secret police from taking away the victims' things. This explanation ignores the fact that the camp regimen

had been stepped up a month before the shootings began. Is a month too short a time to take away uniforms and personal articles?

Another explanation comes to mind. Gestapo must have insisted that the shootings be conducted in the presence of its representatives so that the Germans could see that the Poles were killed. The Germans needed material evidence of the elimination of potential enemies and compromising material which could compel the Soviet Union to honour its commitments if necessary. If we adopt this version, it becomes clear why the POWs were shot in uniforms and with personal articles on them and why they were eliminated so methodically and fully in conformity with the evacuation sequence. By the way, it seems that this careful procedure of the shootings enabled an international commission of experts which the Germans brought to the site in 1943 to identify 70 percent of the victims.

It is now clear why Katyn was selected as the killing ground. It would have been much easier for the Soviet secret police to shoot the Poles somewhere near the camps, but the Katyn forest is located near the Berlin-Warsaw-Minsk-Smolensk-Moscow railway. In 1940 Soviet-German contacts were so intensive that a German delegation's trip to Moscow via Smolensk could not have evoked any suspicion. The Katyn forest is situated at just several kilometres' distance from Smolensk. By the time of the execution, the secret police had already shot thousands of Soviets in that forest and local people were used to the sound of shooting and empty police cars returning from the killing grounds. That is why the NKVD anticipated no complications.

One more question still remains unanswered. Why didn't the Germans use the Katyn graves they knew about or discovered right after the occupation of the area? No confident answer is possible here. In case Gestapo knew about the killings, it could have known some details that incriminated Germany. Gestapo did not want to make public the fact of the shooting until all the evidence of the German involvement in or knowledge of the massacre had been eliminated. Could this be the reason why the German propaganda kept silent about Katyn until 13 April 1943, a whole year after the Polish workers from the Todt Organization came across the graves (another suggestive coincidence: in the vast Soviet territory occupied by the Germans it was Poles who happened to work right on the site where their fellow countrymen had been killed).

Another explanation is also possible. One must not forget that in 1941 Germany did not plan to be involved in a long war and the summer of 1942 made the Germans hopeful for a quick victory. It was only the difficult winter of 1942-1943 that forced Nazis to play the Katyn card.

These are hypothetical answers to the questions which we put at the beginning of the article and which suggest that the Katyn massacre was a joint operation by the

Soviet secret police and Gestapo with full knowledge of and control from the Nazis.

However, this is only a supposition. Historical science provides a number of examples of suppositions finding facts and solving various mysteries by putting the researchers on the right track. In fact, historical speculation always allows different interpretations of the same event, moreover the fewer documents historians possess, the greater the difference of opinions. The lack of facts and documents results in what is known as "unpredictability of the past" characteristic of the Soviet historiography. Our conclusions presented here are purely hypothetical, but to confirm or to disavow them all archives must be opened and all restrictions on the access to information lifted. If we advocate glasnost and mutual trust, we must tell the whole truth however bitter it might be. We must name not only the executioners, but also those who have inspired the crime.

#### **Romanian Ambassador Recalls Revolution, Events of 1990**

91UF0325A Moscow ARGUMENTY I FAKTY  
in Russian No 2, Jan 91 pp 2-3

[Interview with Vasile Shandru, Romanian ambassador to the USSR, conducted by ARGUMENTY I FAKTY correspondent D. Makarov: "Romania: A Year After the Revolution"]

[Text] [Correspondent] Mr. Ambassador, in our country after October 1917 the citizens being hired for work filled out a questionnaire which contained, specifically, the following question: What did you do before the revolution? Please allow us to ask you the same question.

[Shandru] Before the events of December 1989 I was retired. Immediately after the revolution I appealed to the leadership of the National Salvation Front and informed them of my desire to serve the cause of the revolution. I had worked for many years in the diplomatic field. I served as ambassador to Yugoslavia and Spain... However, by education I am an engineer. I graduated from the Moscow Power Engineering Institute in 1953.

[Correspondent] What is happening in your country? Specifically, we cannot understand why, after democratically conducted elections in Romania, we see outbursts of violence which bear an anti-governmental character?

[Shandru] The elections in Romania in May of last year really did bear a democratic character. They took place under the supervision of 540 foreign observers. According to their official reports, the elections were conducted within the framework of the law. The National Salvation Front got 66 percent of the votes, and the opposition parties (although after some vacillation) acknowledged the results of the elections...

[Correspondent] Nevertheless, the dissatisfaction remained.



[Shandru] Part of political culture is the ability to come to terms with one's own defeat and not to incite one's proponents to violence.

The efforts to destabilize the situation began soon after the revolution. Certain political forces pursued the goal of seizing power in the country even before the free democratic elections, or at least tried to achieve the goal of postponing these elections. These forces counted on the fact that the temporary character of the authority which arose spontaneously during the revolution would leave certain possibilities for justifying in the eyes of society the forceful overthrow of this power, using the excuse that it supposedly was not fulfilling the demands which the revolutionaries had presented in December of 1989.

Part of the intelligentsia joined these forces, and tried to ideologically and theoretically justify these aspirations of the opposition forces. They enjoyed the active support of the means of mass information and certain political circles of the Western countries, which openly expressed their support for the presidential candidates and candidates for parliament from the opposition parties.

The point of culmination in these efforts during the pre-election period was the anti-government demonstration on University Square, which supported the high degree of political tension and paralyzed traffic in the very center of Bucharest for almost 2 months. The inspirers and organizers of this demonstration insisted that their demands were supported by over 8 million voters, i.e., the majority of the voters.

However, the elections showed an entirely different attitude of the people. The presidential candidate presented by the FSN, Ion Iliescu, received 85 percent of the votes, while the candidates from the National Liberal Party R. Kyshyanu and from the National Peasant Christian Democratic Party I. Raciuc received the rather modest support of the voters.

[Correspondent] Our well-known political leader N. Travkin, speaking on TV, said that he would like the prime minister to receive a sack of money for his work, but for his wife to have to take this money to ordinary Soviet stores. What salary do the Romanian leaders receive and what privileges do they enjoy?

[Shandru] All the privileges as you understand them died in Romania together with the Ceausescu epoch. As for the salaries of the president and government members, this question was recently discussed in parliament. The president's salary was set at 19,000 lei per month, while the average wage throughout the country is 3,500 lei. There were proposals to approve a significantly higher salary for the president. However, I. Iliescu did not agree with them. The prime minister's salary was set at 18,000 lei, and the ministers' salaries—at 14,000-15,000. Considering the rapid growth of prices in Romania, that is not much.

[Correspondent] What, in your opinion, is the primary difference between the events taking place in Romania and the events taking place in our country?

[Shandru] The events taking place in the USSR since 1985 have been a series of reforms implemented gradually and from the top. Here in Romania in December of 1989 there was a revolution. Therefore, the reforms in our country are taking place at a much more rapid pace and are distinguished by their more radical nature. The former political structures, such as, say, the RCP, as well as the state structures, disintegrated immediately together with the fall of the dictator.

[Correspondent] In January of 1990 I saw the following sign at a subway station in Bucharest: "Throw party cards here". In a single day, a huge pile of cards had arisen... In our country, on the other hand, the party has been announced as the initiator of perestroika. There are people who believe that without the CPSU there would be a political vacuum and that this would lead to chaos and, possibly, civil war. Do you not fear the same thing about your country?

[Shandru] I believe such a danger no longer exists for Romania. In the very first days of the revolution, the National Salvation Front emerged, which was supported by the broad masses. Within a short time, the old pre-revolutionary parties had been restored and tens of new parties emerged. And although the former regime strived to destroy political culture, nevertheless there were still many people who remember how political life was in pre-war Romania. Nevertheless, I consider the main stabilizing factor to be the democratic elections which took place in our country in the Spring of 1990.

[Correspondent] Your summer was very dry. Has it not been followed by a cold winter?

[Shandru] We are more or less stocked with produce, and therefore we do not expect any hunger riots in Romania. According to agreement with the Soviet government, Romania is not supplying food products to the USSR now. Those types of products which are in short supply on the market have been purchased abroad by the government. The problem of fuel is a bit more complicated. Its supplies have been sharply reduced as a result of the crisis in the Persian Gulf. The government has limited only the large consumers—industrial enterprises—in their consumption of electrical power and heat. The population is not suffering, although the power shortage leads to idle times of enterprises and to increased unemployment.

[Correspondent] In the USSR many are convinced that all the troubles with supply may be overcome if we quickly perform denationalization and privatization of "socialist property". How is this process taking place in your country?

[Shandru] In March of 1990, the temporary government adopted a law expanding the creation and privatization of enterprises employing no more than 20 workers in



industry and the sphere of services. This was successful, and quite a few such enterprises were created, especially in trade. Recently a law was adopted on the denationalization of large enterprises and the creation of commercial societies on their basis. The government has formed a special commission which deals with privatization. The property of enterprises is currently being inventoried and appraised, 30 percent of its cost is distributed free of charge in the form of securities issued to members of the public 18 years or older. These securities may be used to obtain stock in any privatized enterprise selected by the individual. The first priority right to buy stock is reserved for the workers of the given enterprise.

[Correspondent] How is the process of land privatization going?

[Shandru] Today approximately one-third of our arable land is in private hands. Immediately after the revolution all peasants who wanted received it free of charge

for unlimited use, with the right of transfer by inheritance, but without the right of sale or transfer during the first 2 years. Today a new law is being discussed in parliament, which would regulate the relations of farm ownership and the possibilities for obtaining land by any citizen of Romania and by foreign entrepreneurs.

[Correspondent] And finally, the last question. Mr. Ambassador, does it not sound strange to you that, quite unexpectedly, we have become "mistfers" instead of comrades?

[Shandru] No, it does not. For Romanians the form of address "Domnu" ("Mr.") is quite ordinary. Ceausescu tried to force us to call each other comrades and even adopted a special law on this matter, but public opposition to the regime was manifested even in the fact that the people stubbornly adhered to the old form of address. For me the most important thing in relations between people is mutual respect.

### **Soviet Role, Economic Prospects in Asia-Pacific Region Examined**

91UF0253A Moscow *LITERATURNAYA ROSSIYA*  
in Russian No 47, 23 Nov 90 pp 10, 17

[Article by Artem Pavlov, doctor of economic sciences and candidate of philosophical sciences: "We in the Eurasian Space"]

#### **[Text] Russia's 'Eastern Policy'**

The eastern direction in Russia's foreign policy has always been a most complex set of problems. Shortly after the October Revolution G.V. Chicherin, people's commissar for foreign affairs of Soviet Russia, observed in the article "Russia and the Asian Peoples" that back in 1856 the outstanding Russian statesman Prince Gorchakov, minister of foreign affairs of Russia, handed Tsar Alexander II a memorandum that showed that Russia did not face major tasks in Europe, but that it had, on the other hand, a tremendous field of activity in Asia and that Russia's future lay in Asia.

Questions of Russia's policy in the eastern direction are even more acute today. A broad range of problems of the current situation in Asia and throughout the Asia-Pacific Region (APR) and also of the development of the Soviet Far East and of the USSR's foreign policy in the APR was discussed at the second international meeting held this September in Vladivostok, "The Asia-Pacific Region: Dialogue, Peace, Cooperation," in which representatives of official, academic and business circles of 24 countries of the region participated.

The speeches of the participants in the meeting and also numerous discussions with them induce serious reflection on many fundamental problems and current questions of the development of the situation in the APR and of our policy in the East and also on certain evaluations and conclusions in this connection.

#### **New World, New Asia**

The situation has undergone fundamental changes in recent decades in East Asia and the APR as a whole.

In the not-too-distant past events in the Asia-Pacific region were of a secondary, peripheral nature, as it were. At the present time, however, this region is increasingly moving to the forefront as a leading center of international economic relations and world politics with a tendency toward becoming in the future the center of a new "Pacific civilization" of the 21st century.

This new role and significance of the APR in the world are determined by the following principal factors: the dimensions of the region and its immense natural and human resources; the preferential rate of economic development of the countries of this region; the APR's leading role in a number of spheres of S&T progress; the move of the APR to the forefront in terms of its significance in world trade; the high dynamics of the political situation in the region.

The interests are interwoven and the political and economic systems of the most important world powers—the United States, Japan, the PRC and the USSR—interact increasingly intensively here.

Socialist China has very abundant natural and human resources. It is developing and will, evidently, in the coming decade continue to develop at a most rapid pace. Even now the PRC has moved into first place in the world in terms of the production of coal, cement, and cotton cloth, into fourth place in the production of steel and the generation of electric power, and into fifth place in oil production. Its mechanical engineering and electronics are developing at a rapid pace.

Those of our commentators who are expecting that China will inevitably encounter the same upheavals as the East European countries are profoundly mistaken. The basic political structure and domestic political situation in the PRC will remain basically stable in the coming decade. The growth of the economic potential and the enhanced role of the PRC in the world economy will contribute to a strengthening of its international positions and a growth of its influence as a global factor of world politics. There is hardly any reason to doubt that by the end of the 1990's the PRC will have moved into the world arena as a truly great world power and as a new "power center" of world socialism.

Despite the appreciable economic growth, India will in the next decade, evidently, encounter considerable domestic difficulties. The contradictions and instability of the development of India's economy and the unresolved nature of domestic social problems will lead to a growth of political tension and instability in the country and an exacerbation of class and national contradictions.

Japan will in the coming decade, evidently, consolidate its positions as the modern world's second economic power and will increase considerably the assertiveness of its foreign policy activity, particularly in Asia, Africa, and Latin America. In the economic and military-political spheres and world politics, Japan will most likely continue to be oriented mainly toward the United States.

The ASEAN countries and the group of so-called "little dragons" are developing dynamically in the economic respect.

It would seem to us that the consolidation and development of five integral economic complexes with a complete production cycle based on national economies—the USSR, the PRC, Japan, India and the ASEAN countries—will form the basis of the processes of the development of international economic relations in the eastern half of the Asian continent up to the year 2000. Broader regional subsystems of the international division of labor and production cooperation, in which other countries of this region—medium- and small-sized—will participate in this form and to this extent or the other, will take shape around these five comprehensive national economic systems.

Thus we can see that a powerful new international regional economic system based on the pooling of the very rich natural and human resources of China, India, and the Southeast Asian countries and the production and S&T base of the United States and Japan is emerging in the Asia-Pacific region. By the year 2000 the APR will evidently be a most important and leading center of economic life and S&T progress and the most rapidly developing part of the world.

#### **Detente, Peace and Security for Asia**

What is currently happening in the sphere of international political relations in Asia and the APR as a whole?

In the postwar decades Asia and the entire Asia-Pacific region have been a zone of the most intricate interweaving of acute international problems and a clash of interests, contradictions, and conflicts and for this reason have represented a sphere of high political instability with many explosive regional problems and "flash points" and have been an arena of acute political confrontation between the leading powers of this region.

It is obvious that the past several years have been marked by big changes and even qualitative changes for the better in the international atmosphere in this region.

It is known that in the not-too-distant past relations between the most important states of the APR—the USSR and the United States—between the USSR and the PRC, between India and China, and between Japan and the USSR were undergoing a long period of strain, conflicts, "cold war" and at time even confrontation. The strained nature of the relations between them was, naturally, reflected in the relations between all Asian states. Now, however, the main content of the positive processes occurring in the APR is the fact that the "cold war" between these states of the Asia-Pacific region is over.

A most important factor of key, decisive significance in the system of international relations in Asia and the APR was the normalization of Soviet-Chinese relations and the establishment and development of cooperation between the USSR and the PRC, "which closed the past and opened the future."

Top-level Soviet-American contacts have in recent years also played an immense part in the recuperation of the general atmosphere and have contributed to the formation of a propitious political atmosphere in international relations in the APR.

The establishment of diplomatic relations between the USSR and the Republic of Korea is undermining the remnants of the structures of confrontation in the Far East and contributing to the realization of the idea of an Asia-Pacific community and an expansion of the cooperation of the countries of Asia and the whole Asia-Pacific region.

At the same time, however, we should not close our eyes to the fact that the situation in the APR is developing quite contradictorily. On the one hand, positive trends and serious movements in a healthy direction are in evidence; on the other, conflicts and a dangerous level of military confrontation persist. Unsolved border and territorial problems between many Asian states contain a danger of potential conflict. However, the predominant, arterial trend is, for all that, the trend toward a relaxation of international tension and an improvement in the atmosphere.

The new situation and new trends in the development of international relations in the APR require the appreciable adjustment and restructuring of the system of foreign policy priorities and even the general foreign policy concepts of the states of this region.

#### **Restructuring of the USSR's 'Eastern Policy'**

The Soviet Union also is restructuring the concept of its policy in the APR. Such restructuring is dictated by life itself. The new policy of the USSR in the APR is built on the basis of the new political thinking and a scientific forecast of the prospects of this region and its growing role in the development of world civilization.

A strengthening of international security in the Asia-Pacific region and its conversion into a zone of peace and cooperation have become a program goal of the Soviet Union.

Our country's practical foreign policy actions in recent years have shown as clearly as could be its readiness to perseveringly and patiently look for solutions of regional conflicts, to open the way to mutually acceptable accords on key questions of security in the APR and to cooperate most closely with all states of this region.

The Soviet Union extends to states the hand of cooperation and friendship.

How our aspirations and proposals concerning cooperation are being received by the states of the APR is another question. The debate and talks at the Vladivostok meeting in this respect revealed many doubts and critical observations of representatives of countries of the APR apropos our programs and proposals and also vagueness, uncertainty, and contradictory aspects in our conceptual approaches and actual proposals.

#### **Unsolved Conceptual Problems**

Let us dwell on some of them.

First, the participants in the meeting expressed the opinion that the need is truly arising at the present stage of the development of international relations in Asia and the APR as a whole for the elaboration of some general concept of international security and cooperation in the region that would correspond to the national interests of all countries of the region.

Specifically, it was observed that the idea of an Asia-Pacific community, whose general contours are emerging increasingly clearly in the system of international relations in the APR, could also, for example, be the concretization of such a concept with regard for the specific conditions of the situation in the APR. And it is the most important states of Asia—the USSR, the PRC, India, and Japan—with the active participation of the United States and all other countries of the region that could compose the score of a symphony of security and cooperation in the APR which would form the basis of the political orchestration of the entire ensemble of states of the APR.

There immediately arises in this connection the question of the geographical framework of such a community. What is the APR? Is it the entire continent of Asia, including its Near East spheres and Turkey and the entire Pacific basin, including the United States, Canada, and Central and South America? Is it North-east, East, and Southeast Asia, plus the island countries of the Pacific and North America? Is it the eastern half of Asia and the western part of the Pacific?

In any event, the formula of community of countries of the APR and the "European-American-Asian belt" is, in our view, quite general, indeterminate, and vague. It should, after all, provide for the existence of a certain unity and community of interests of the countries that are a part of the said region and the reduction to some common denominator of the interests and aims of the multitude of diverse states very remote from one another geographically and different in terms of their socioeconomic system. It will evidently be very difficult feeling our way toward and determining interests of the states of the western shoreline of Latin America and the countries of the Near East or the countries of South Asia and the North Pacific that are common and that at the same time are distinct from the interests of countries that are not a part of the APR.

It would evidently be more realistic at this stage on a practical level, therefore, to pose, discuss and resolve the most important international problems not within the framework of the entire boundless "Asia-Pacific region" (for which the conditions are not, as can be seen, ripe) but as "blocks," as it were, in terms of more clearly expressed regional systems of international relations, of the eastern half of the Asian Continent, for example, or South and Southwest Asia, the Near and Middle East, the South Pacific or the North Pacific, and so forth.

Concretization of the community of Asian countries could, perhaps, be the idea of a common family of Asian countries or a "Common Asian Home," whose contours are emerging increasingly clearly in the system of international relations in Asia.

Indeed, the one-sided emphasis on the "common European home" concept and the exaggerated stressing of the historical and cultural community of the USSR merely with the European countries counterpose the USSR to

the Asian countries and artificially distance our country from the problems of Asia and the APR, not only geographically but also politically, economically, ethnically, and culturally.

There also arises in this connection the question of the elaboration and development of the "common Asian home" concept structuring the interdependence and cooperation of Asian states in the system of international relations of the modern world. It is the most important states of Asia—the USSR, the PRC, India and Japan—not without the assistance of the United States, naturally, that could lay the cornerstones of the political, ideological, and international-law foundation of the real edifice of the "common Asian home" in the modern interrelated world.

In addition, it would be more correct and expedient, in our view, to pose the question even more broadly—the creation of a "common home of the peoples of Eurasia" inasmuch as the processes of the building of peace-loving communities in Europe and Asia should undoubtedly ultimately culminate in a single system of security throughout the Eurasian area. And, indeed, essentially all the main proposals expressed by E.A. Shevardnadze in his report at the Vladivostok meeting are geared to the achievement of these goals.

In this plane the USSR could play the part of central connecting link between the "common European" and "common Asian" parts of this economic and political ensemble, linking in its policy the "common European" and "common Asian" home concepts.

Second, the formation of a "common Asian home" and the development of the entire Asia-Pacific community should undoubtedly take place on the basis of a deepening and expansion of integration processes primarily in the sphere of the economic relations of the countries of the region.

For us the task is to actively incorporate the eastern areas of Russia, which at the present time lag considerably behind other countries of the region in terms of pace and scale of economic development, in the system of the international division of labor in Asia and the APR as a whole. It is anticipated here that the Far East areas will participate relatively autonomously in international economic relations in the region.

Whether we will have the corresponding forces and resources to join the economic and political system of the APR "on equal terms," as they say, is another question. Will we be able also to marshal and correspondingly use these resources? Will we have sufficient forces, consistency and, finally, resolve in the mobilization of our efforts in this new and difficult area? Or will everything remain at the level of fine speeches, appeals, and pious wishes?

Judging by the fact that just such a fate befell the long-term program of the priority development of Siberia and the Far East, that the material, economic

basis of our foreign policy activity in the East has weakened still further and that we have, as before, been unduly enthusiastic about diplomacy in a western direction, the possibility and danger of this second version are more than realistic.

The periodic flying visits of high-ranking guests from Moscow to this region with their delivery of striking, "fateful" speeches and the advancement of large-scale proposals and initiatives inadequately backed subsequently by the corresponding diplomatic and economic activity pertaining to their realization can hardly ensure the solution of the tremendous problems and tasks with which reality is confronting our country in the East.

The restructuring of our country's economic mechanism and the transition to a market economy could, in our view, have ambivalent and contradictory consequences in the plane of the achievement of these goals. On the one hand enterprises' growing economic independence, the right to establish direct relations with overseas partners and the organization of joint ventures are creating good conditions for an intensification of foreign economic contacts and the growth of the trade ties of the Soviet Far East. But, on the other, it has to be considered that the assimilation and development of these areas will require the concentration and purposive use of considerable financial, material, and human resources, which is possible only on a basis of government forms of economic management. Under the conditions of the decentralization of the management of the economy, however, and the spontaneous mechanism of market relations it will hardly be possible to ensure the necessary huge capital investments in the development of the eastern areas in practice. In this plane our market reform will essentially close off the possibility and prospect of the assimilation and accelerated socioeconomic development of the eastern areas.

Only naive people could hope that this task might be accomplished by way of the attraction of Japanese and American capital. First, as the debate at the Vladivostok meeting showed, Japanese and American businessmen do not at this stage have an economic interest in big capital investments in the eastern areas of the USSR (it is unprofitable: no infrastructure and poor communications and supply lines); second, it would be irrational for us to "farm out" to Japan and the United States a substantial part of the natural resources of the Far East (we have, after all, to leave our children and grandchildren something).

Life itself dictates the need for the decisive surmounting of the pro-Western tilt in the orientation of our foreign policy which has been intensifying increasingly in recent years. Otherwise the Soviet Union (if it is preserved) or Russia alone will miss the train, which is gathering speed, of the new, Pacific civilization, and it will leave without us, and our country will remain on the sidelines of progress.

When Peter the Great wished to develop and open up Russia to European-Atlantic civilization, having concentrated the main efforts in this direction, he acted decisively: he pitched his tent on a bank of the Neva and began to build a new capital at the Gulf of Finland, closer to the entrance to Europe. Perhaps we Russians also should be fulfilling the scheduled programs in the East.

A truly in-depth and detailed elaboration of our general practicable concept of the inclusion of areas of the Soviet Far East in the development of Asia-Pacific economic integration is evidently necessary.

**And, finally.**

Inasmuch as the possibilities and influence and military and political positions of the USSR in the Western Pacific, in Southeast Asia particularly, will evidently be relatively limited in the coming years, we currently have no possibility, as is sometimes suggested, of "developing cooperation with all states of the APR equally." Therefore, while developing friendly political relations with all countries of the APR it is essential at the same time to select the main direction of the development of our efforts and the "main, decisive link" of the Soviet Union's entire "eastern policy," primarily the main direction of our foreign economic policy.

As observed earlier, hopes of Japan's decisive role in an upsurge of the economy of our Far East areas are to a considerable extent illusory. The Japanese are not interested in having alongside them an economically strong Soviet Union and are doing everything possible to prevent our country's inclusion in the economic system of the APR.

Under these conditions, the main direction and "main, decisive link," in our view, should be the development of the all-around, primarily economic, cooperation and joint labor of the USSR and China. This is at the present time the sole great power really objectively interested in the USSR remaining an economically strong socialist country. The development of our interaction and cooperation with the PRC, primarily with the PRC, could be for the USSR the key to the gate leading into the APR.

#### **Direct Soviet-Taiwanese Economic Relations Suggested**

91P50077A

[Editorial Report] Moscow IZVESTIYA in Russian in its 15 January 1991 Union Edition on page 5 publishes an article which is the final installment of a six-part series analyzing the reasons for Taiwan's economic achievements. The series is entitled "Caprice of History or The Taiwanese Model of Prosperity" and was written by IZVESTIYA special correspondent S. Agafonov, who in article number six addresses the issue of developing open economic relations with Taiwan.

He notes that Taiwanese firms have been accustomed to dealing with the Soviet Union either through Europe or



the mediation of American companies. This is understandable, says Agafonov, because politics prevented both sides from "finding each other." He argues that there is no need for the Europeans and Americans to profit from Soviet business dealings with Taiwan when "our treasury is bereft." Fear of China's reaction to the development of direct economic relations with Taiwan should not cut off a "channel capable of imparting an appreciable advantage to our state." Agafonov indicates that Japan is represented in Taiwan by corporations, banks, and joint enterprises and has not experienced any changes in its relations with Beijing. He asks: "What is stopping us?"

### Reasons for Sino-Soviet Rapprochement Explained

91UF0256A Moscow AZIYA I AFRIKA SEGODNYA  
in Russian No 9, Sep 90 [signed to press 20 Aug 90]  
pp 2-6

[Article by N. Anin: "Transformation of Relations"]

[Text] Quite recently even the slightest event of significance in Soviet-Chinese relations would evoke a storm of emotions in the world. Some people would be fired with the hope that the two powers would finally bury the tomahawks of war and smoke the pipe of peace. Others would become dispirited from a fear of a new unity of the communist giants. News about contacts between Moscow and Beijing would supplant all else on newspapers' front pages and hit the readers in the face with boldface sensational banner headlines. An official visit was paid to the USSR this spring by a top Chinese leader, Li Peng, premier of the PRC State Council. This was the first visit by a head of the Chinese Government to the USSR in more than quarter of a century. It took place almost a year after the visit to China of M.S. Gorbachev, which led to the full normalization of Soviet-Chinese relations. And what are we seeing now? What has been the response in other countries to this by no means ordinary event?

I leaf through the pages of foreign newspapers and journals and find merely quite dispassionate commentaries and, at times, simply dry news reports about Li Peng's visit to the USSR. If there are any emotions on display, they are in words about the events in Tiananmen Square in June of last year. One has the impression that many journalists simply used the Soviet-Chinese negotiations as an excuse for attacks on the leaders of the PRC for "suppression of the democratic movement."

How are we to understand such a reaction? Can it be that relations between Moscow and Beijing have ceased to excite anyone? Hardly. After all, the USSR and China occupy giant expanses, and their population constitutes a sizable proportion of mankind. And what happens between Moscow and Beijing cannot remain in the background even in our times, which are super rich in events.

The reason for the terseness of the analysis of the results of Li Peng's trip to Moscow and the lack of commotion surrounding the visit was obviously the fact that no

sensations were expected of the present negotiations. There were no fears as to their outcome. In order to explain today's changes in the perception of Soviet-Chinese relations let us recall how they developed.

### Time of Confrontation

Following the proclamation in 1949 of the Chinese People's Republic and the assumption of power of the Chinese Communist Party (CCP), its leaders were ideologically close to Moscow and for many years maintained close contacts with it and obtained assistance therefrom. At the same time, there were from the very outset disagreements between the leadership of the CCP and the CPSU. Mao Zedong, the leader of the CCP, had no desire for control over himself on the part of Stalin. The Chinese Communists were counting on being successful, while maintaining friendly ties to Moscow, in developing cooperation with the United States also.

Washington, however, following certain meditation and hesitation, gambled on the CCP's adversary Chiang Kaishek and adopted a hostile posture in respect to the PRC. Mao Zedong had no choice other than to advance the "stick to one side" precept, that is, stay in the socialist camp.

The structuring of the military-political and ideological alliance between the USSR and the PRC was the result of the "cold war" that began after 1946. In the atmosphere of East-West global confrontation the Soviet-Chinese tandem not only defended the space that had been won but also endeavored to spread its influence and ideas to other countries and peoples. Moscow aspired to operate in all directions; Beijing concentrated mainly on Asia and, subsequently, Africa.

The United States and its allies saw in Stalin and Mao Zedong dangerous foes of Western democracy and subordinated their entire foreign policy to containing, rolling back, and stifling communism. Both verbal threats and blows were set in motion. Moscow and Beijing nurtured communist parties, stimulated nationalism and anticolonialism, and threw the left to the barricades. The West responded with the feverish construction of military bases and an arms race and did not fight shy of supporting any reactionaries and rogues prepared to resist the principal antagonists.

The world in the "cold war" years was dangerous and bubbled like a cauldron, but simplicity was its hallmark. Two camps, two systems. Whoever is not with us is against us. In the ardor of struggle both sides became more brutal and bitter and lost their sense of morality.

With the assumption of office in the USSR of N.S. Khrushchev, the Soviet-Chinese monolith began to exhibit cracks. While not abandoning great-power and messianic goals, the new Soviet leadership decided to moderate its ardor somewhat. Moscow recognized the senselessness of the "daggers drawn" policy and the need for if only a partial reconciliation with its opponents. And inside the country also it was necessary to clean out

the Augean Stables and to begin to pull out of poverty a people that had repeatedly been promised the good life. Mao Zedong, however, was thinking in the former categories. Ideological disagreements multiplied by political and economic problems, and abundantly spiced with Beijing's acute unhappiness with the dictatorial leanings of the new leader in the Kremlin, deepened the erosion of the Soviet-Chinese alliance.

A struggle developed—initially latently, but gradually increasingly openly—between the USSR and the PRC for influence in the socialist countries, in the international communist movement and in the "Third World." A universal struggle for people's minds was no longer being conducted by two but three powers—the USSR, the United States and the PRC.

Of the three hegemonies, Beijing was manifestly the weakest—both militarily and in terms of the number of its supporters. It is not surprising, therefore, that, having failed to withstand the peripeteias of the struggle, it decided to link up with one of the stronger giants. Moscow was irritating Mao Zedong the more painfully—it was undermining its ideological postulates and depriving it of potential political allies.

The rapprochement between the PRC and the United States began after trouble had begun to brew on the Soviet-Chinese border and L.I. Brezhnev had begun to hint that China would be paid back for its provocations. Moscow itself had been hoping to reach mutual understanding with the West on the China issue, but Beijing proved more nimble. It was to its side that the Americans switched in the Soviet-Chinese dispute.

Washington gradually began to tilt in its policy in the direction of China in the latter half of the 1970's. Soviet foreign policy was looking for the United States and its allies increasingly dangerous, threatening the West's interests and undermining the foundations of the international order that had taken shape. The USSR's involvement in the affairs of Ethiopia, Angola, South Yemen, and Afghanistan and the increase in the nuclear potential and conventional arms in Europe—all this and much else devalued the significance of detente with it and increased the gravitation toward a return to its total containment. The Kremlin's stifling of free thinking and persecution of dissidents merely inflamed the hatred of the USSR. The West was asking: Why is the USSR attempting with such doggedness to export such worthless practices overseas? And what happens if it succeeds in getting what it wants?

The unconditional verdict was passed: "Moscow must be stopped!" Any means appeared suitable. Including the "China card" and the use against the USSR of its giant neighbor, which was also not distinguished by a democratic character and was less powerful, but no less ambitious. Toward the end of the 1970's the West and the PRC had become, essentially, strategic quasi-allies. Affection for China increased as it wound down its propaganda actions in the "Third World."

China's embarkation on the threshold of the 1980's on the path of profound domestic reforms, renunciation of many of Mao's postulates, and reorientation of the economy toward the external market objectively afforded opportunities for its further rapprochement with the nonsocialist world. An extension of these ties was really in evidence in the economic and many other spheres.

### Parting With Messianism

The program of the country's modernization that had been advanced by the Chinese leadership headed by Deng Xiaoping required an updating of the foreign policy course and its alignment with domestic requirements. Beijing had parted even earlier with messianism and the export of revolution. Now, however, it was necessary to dampen the contentious problems with other states, ensure a normal situation on its borders, and create the conditions for mutually profitable cooperation with as wide a circle of partners as possible. The priority was reconciliation with its main antagonist—the Soviet Union.

China's aspiration to balance its foreign policy had been brought about by the growth of ideological, political, and economic disagreements with the new American Reagan administration. There were also other motives for the adjustment of the Chinese foreign policy course: The leaders of the PRC had concluded that because of their inordinate proximity to the United States they were "losing points" in the international communist movement, the socialist countries and the "Third World," and that the danger of a global conflict had grown too much and that it should be extinguished, not stoked. Beijing was greatly troubled by the fact that the West had taken advantage of China's openness to impose alien ideological values on the Chinese population.

As a result the PRC set about distancing itself from the United States on military-political issues and bridge-building with the USSR and raised its voice in support of peace and detente.

The new Chinese policy evoked a mixed response in the West. On the one hand, it could not rejoice enough at the fact that China was casting aside its "Marxist shackles," "humanizing," and becoming more understandable and accessible. The orientation toward a stabilization of international relations that had been manifested in Beijing suited Washington and the West European capitals, on the whole. At the same time the revitalization of contacts between the USSR and the PRC was worrying. China began to move away from strategic coordination, and it could no longer be relied on, as before.

Having changed his anger for kindness, Reagan actively courted Beijing and urged it to think again and resume the former quasi-alliance against Moscow. This was of the utmost importance to the Americans since the USSR's behavior had become increasingly less to their liking and relations between the "two superpowers" had continued to slide downward into the abyss. But Beijing

did not succumb to the blandishments and continued the dialogue with Moscow, which responded with reciprocity.

Nonetheless, Soviet-Chinese detente had its own, very narrow, limits. As before, China saw Soviet policy as a threat to its own national interests. Beijing particularly disliked Moscow's actions in Indochina (support for Vietnam's policy in Cambodia) and Afghanistan and the presence of large contingents of Soviet forces on the border with the PRC in Mongolia. The models of the two countries' development were moving increasingly far in opposite directions. Albeit slowly, the PRC was becoming a part of the general stream of world civilization, but the USSR continued to stubbornly fence itself off from it and began increasingly to appear as an anachronism and foreign body in the international community.

Serious changes in the world arena and a fundamental improvement in Soviet-Chinese relations were hardly to have been expected under these conditions. But our perestroika intervened, and decisively, in the course of events. In record time, some three or four years, the Soviet Union was able, thanks to glasnost and the considerable adjustment of the foreign policy line, not only to win affections abroad but also to alter the entire nature of international relations.

Beijing ceased to see the USSR as a source of military-political danger and sensed in the Soviet leaders fellow-thinkers in the business of rescuing socialism. This removed the last obstacles in the way of reconciliation between the two neighbors. Under any other circumstances such a prospect would have caused panic both in the West and in the majority of Asian capitals. But there was none on this occasion since the perception of the USSR in the world had changed. Moscow had ceased to be a scarecrow. Earlier Soviet-Chinese rapprochement would have appeared as a prelude to a new "crusade" for the victory of communism worldwide. There are few people who believe this now: Both Moscow and Beijing have discovered too many problems of their own.

The United States and its allies had sufficient wisdom to welcome the reconciliation of the two renovating communist giants. The Chinese, incidentally, had assumed that this would be the reaction and for this reason boldly moved to complete the arduous process of normalization of relations with the USSR. They no longer feared that this would damage cooperation with the West. In addition, Beijing had begun to worry that the Soviet-American rapprochement would develop more rapidly and that the "superpowers" and, following them, the world, might forget about China and its importance in world affairs.

In the spring of 1989, the normalization of relations between the USSR and the PRC became a fait accompli. A new prospect was opening to mankind, seemingly: For the first time in many years the USSR, the United States,

and China had been able to dampen mutual disagreements and move synchronously in the direction of detente and a strengthening of international security and cooperation.

Positive results were not long in coming. Thanks to the improvement in Soviet-American relations, the disarmament process was moved from standstill, the ice of the "cold war" began to melt on the European Continent, and light began to glow at the end of the tunnel in parts of the world rent by wars and confrontations—Afghanistan, Southern Africa, Central America.

Mongolia and Laos have moved toward amicable arrangements with China, the parties to the conflict in Cambodia have sat down at the negotiating table, the machinegun rounds on the Sino-Vietnamese border have died down, and the tightness of the Korean knot has been loosened somewhat in Asia under the influence of the positive changes in relations between Moscow and Beijing. Chinese and Indian statesmen have moved toward one another with visits. The assessment of the Soviet threat concept has dropped steeply among the ASEAN countries. Jakarta and Manila, Singapore and Canberra have agreed that the USSR is also a Pacific power, with which it is possible and necessary to cooperate. A revision of strategic thinking and an adaptation to the changed realities have begun in Japan and the United States.

The past two years have written a kind of "golden page" in contemporary international relations. The collapse of the Berlin Wall, the fall of the Ceausescu regime, the dramatic transition of Poland, Hungary, and Czechoslovakia to democratic forms of social arrangement—these and many other events have shaken to their foundations the former unsuitable world edifice and implanted optimism in the hearts of many Europeans. The next-door neighbor of the optimism is, it is true, the worm of anxiety: What next? To what will Germany's unification lead? How to restore the health of an economy deformed by totalitarian rule and utopian dogmas? Nonetheless, there are in Europe far more positive than negative emotions.

#### Where Are the "Good Guys?"

Asia is a different matter. Well-known events occurred on 4 June 1989, in the area of Beijing's central Tiananmen Square. Some countries, the USSR included, refrained from comment, referring to what had happened as an internal affair of the PRC. However, an overwhelming number of Western states assailed the Chinese leadership in the sharpest tones. Strict political and economic sanctions were imposed on the PRC, and the country found itself in semi-isolation.

This alone added a large "fly" to the ointment in international relations and knocked politicians from their mood of euphoria. But there was more to come. A struggle against "bourgeois liberalism" developed and there was a certain roll back of the political reforms in the PRC. The cataclysms in the USSR and East Europe

are having an impact on China and its foreign policy. Leaders of the PRC are not simply rejecting the "capitalization" of the East European states, they are worried by the weakening of the positions of the CPSU in our country.

Under conditions where the United States and its allies are continuing to impose sanctions and exert pressure, the PRC is endeavoring to compensate for the losses in a Western direction by a stimulation of relations in the "Third World." There is a growing need to intensify contacts with the Soviet Union also. This is necessary for China's leaders not only for a strengthening of the country's security on its northern borders and the accomplishment of modernization tasks, but also for enhancing personal prestige among Chinese citizens and overseas. There is a marked temptation also to "play on the nerves" of the Americans.

Will such tactics work? To some extent, yes. Although up to its neck in a mire of internal problems and preoccupied with relations with Washington and East European affairs, Moscow is not, for all that, losing sight of its Chinese neighbor. The Soviet leadership is aware of the imperative nature of maintaining good relations with China and is taking vigorous steps to extend cooperation with its giant neighbor and to settle problems in a civilized manner.

As shown once again by Li Peng's visit to the USSR, Moscow and Beijing are succeeding in getting relations on the right footing and advancing them. There is a basis for the consolidation of such trends. Both parties have an interest in good-neighborliness out of military-strategic, political, and economic considerations. Neither capital is forgetting the bitter lessons of the past and the price that has had to be paid for decades of estrangement. And, finally, the Soviet and Chinese leaders formulated a mechanism that will serve as a "safety net" against the destructive impact of ideological differences on bilateral relations. They are being built on the principles of peaceful coexistence. The USSR and the PRC have agreed not to interfere in one another's internal affairs, not to foist their viewpoints on one another, and to take account of and respect the interests and positions of the partner.

But whereas things are going well for Beijing with Moscow, in the western direction China's tactics are not as yet producing the sought-for dividends. There is even reason to maintain, perhaps, that instead of the former playing of the "China card" against the USSR, the West is not averse to playing the "Soviet card" against China. After all, from the standpoint of the White House it is in the Kremlin that the "good guys" are currently. However, let us say plainly that the card game will not encounter support in Moscow.

The natural question arises: How will events develop hence forward? I believe that this will depend to a decisive extent on the course of the Soviet perestroika. If it falters or if we return to the administrative system, the

development of events will take one direction. A second possibility is the USSR's ongoing movement along the path of political and economic reforms. This process will undoubtedly be difficult and contradictory, but it should ultimately contribute to an expansion of democratic liberties in our country, its external openness, and an extension of contacts with the West.

How will the Chinese leadership respond to a reforming Soviet Union? It is most logical to assume that the Chinese leadership, responding to the requirements of the economy and the mood of the population, will continue a policy of extending the reforms and expanding the PRC's openness. This path will not be simple and easy but it is the sole promising path.

The Soviet Union feels optimistic. We all would like Soviet-Chinese relations to develop and, as reforms are implemented in the USSR and the PRC, to exert an increasingly positive influence on the situation throughout the world.

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#### **Disclosure of Facts on Japanese POW's in Stalinist Camps Urged**

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[Article by Yuriy Tavrovskiy: "The Fate of Japanese POW's: Time To Tell The Truth"]

[Text] The Japanese language has very few words borrowed from Russian. The term "totika", point of fire, remains since the times of the war of 1904-1905. The second half of the 80's has brought the term "perestroyka". And in recent months the word "lageri" [lager] is heard more and more often, referring to the camps, memories of which are carried since the post-war years by the hundreds of thousands of Japanese who experienced within the POW camps the system of Stalinist jails, detention zones, barracks, and deportations.

It is no accident that the topic of Soviet POW camps came to the surface specifically within recent months. The time is drawing near for the USSR President's official visit to Japan, which is expected to begin a new era in bilateral relations. However, this era may be opened only after closing the preceding one, the era of hatred, suspicion, "Siberian expeditions", "border incidents" and wars. Along with the "territorial problem", the problem of POW's still remains a symbol of the past for most Japanese. It is a painful and multi-faceted problem, and the keys to its resolution are found not only in the Soviet Union, but also in Japan itself, and it concerns both the living and the dead.



The dead were the over 60,000 POW's who died in the "rageri" from cold, hunger, illness, and accidents during the years of imprisonment. Unlike their Western allies in the war in the Pacific (the USA, Great Britain, France and others), the Soviet authorities repatriated most of their war prisoners not within a few months, but only by 1950. Those who had been classified in the category of "war criminals" returned to Japan only in December of 1956.

The living are the over 200,000 former prisoners who survived those left forever in graves throughout Siberia, Kazakhstan, and the Ukraine, and those who died their own death after their return to Japan. For those who are still living, the problem is that the Japanese government does not recognize their status as former POW's and does not pay them the pension which is received, for example, by former prisoners confined in British, American, New Zealand and other camps. The Tokyo bureaucrats explain their position by citing the absence of documents certifying presence in a Soviet POW camp, the character of work performed, etc. Yet another reason, it seems, is also that those who have returned from Soviet prison camps are traditionally regarded with suspicion. Many returned home with certifications from the Japanese Communist Party, many became activists in anti-war and trade union organizations and societies for friendship with the Soviet Union. Even the fact that many of those who had been in the "rageri" had merged into the establishment (for example, the recent Prime Minister Sosuke Uno) did not remove the suspicion.

The living are also the hundreds of thousands of family members and relatives of the former POW's. Due to lack of documentation, many still do not know the fates of their loved ones. Those who have no doubt as to the death of their fathers, brothers or sons would at least like to know where they are buried, to visit the grave of their beloved, to perform the appropriate rituals and to finally put the "wandering souls" to rest.

What do the living Japanese want from us? First of all—the truth. They want the truth in the form of lists of the soldiers and officers of the Kwantung army who had been taken prisoner, as well as the interned civilians and citizens of other countries. They want lists of those who died, with indication of the exact time and place of burial. They want this in the form of documents certifying that a certain individual had been imprisoned, which would give him the right to receive a pension. This is a Japanese pension, not a Soviet one. After all, according to the joint Soviet-Japanese declaration of 1956, the parties rejected mutual claims.

The changes which have taken place in our country in the last 5 years have allowed us to remove the main obstacles in the path of this truth—the political ones. The doors of the archives are no longer impassable. There is already a trickle of material flowing through them which is becoming a sensation for successful Japanese newspaper correspondents in Moscow. However, the volume of archive work is huge and overwhelming

for the small staffs of departmental document store-houses. The Japanese are pinning great hopes on a recently emerged Soviet public organization—the association for giving aid to former Japanese POW's, "Vzaimoponimaniye" [mutual understanding] (cf. IZVESTIYA No 318, 1990).

What else do the Japanese want? They want to see the burial places of their fellow countrymen properly maintained, and they want to be able to visit the gravesites. Moreover, this concerns all cemeteries and grave-sites, and not just those few at which restoration work has been performed in recent years. The joint trip to Irkutsk oblast by correspondents from IZVESTIYA and the leading Japanese newspaper YOMIURI SHIMBUN began with a visit to one such "show" cemetery.

...Neat rows of flat concrete tombstones with metallic markers. The names of the deceased are more often written not in hieroglyphs, as they should be, but in the alphabet (the translators and censors in the camps had a weak mastery of hieroglyphics and kept records in the alphabet, demanding that it be used to write letters to Japan). At the center of a small area overgrown with birch trees there stands an obelisk, as one sometimes sees in our military cemeteries. Next to it are wooden Japanese-style posts with Buddhist prayers and names of the delegations which placed them. The city maintenance worker who oversees the 407 gravesites of the "Japanese cemetery" complains only about the local "rockers", who have taken to speeding their motorcycles over the neighboring city cemetery, and who sometimes penetrate onto the "foreign" one. He suggests that we visit the Plant imeni Kuybyshev, where several of his current charges once worked.

...A rare stroke of luck—Mark Petrovich Glukhov, the chief personnel officer at the Heavy Machine Building Plant imeni Kuybyshev agreed to show us the building of the former "zone", where the Japanese POW's who had been sent to the plant lived. In several hours he had called together some of the veterans who had manned the machine tools together with the Japanese.

"In December of '45 they brought about 300 Japanese to the plant. They lived here, in the guarded zone. At first we treated the Japanese with suspicion. After all, they were "imperialists" and "samurais". They too maintained strict order. The officer shouted at the soldiers and struck them on the face, while the soldier who had been knocked down had to immediately get to his feet and again stand "at attention". Also, I recall, he used to send his soldiers out into the cold, and at that time in Irkutsk it was even colder than it is now. It would go down to 50 [below zero] in the winter. Then things became a little more relaxed. We began to eat together. The Japanese made some very tasty salted vegetables. We used to go to see their amateur productions."

"And, remember what kind of device they thought up for cleaning rice? There were some skilled lathe operators among the Japanese. There were even some engineers.



They repaired the machine tools themselves and made computations for precision components. For this they received coupons for additional food rations and even money. They used it to buy tobacco and tea in the mess hall."

"In my brigade there was one lathe operator, such a happy fellow, always singing 'Katyusha'. When it was time for him to return home, he came to me with a photograph of his wife and children, burst into tears, and said that if it were not for his family he would remain in Irkutsk..."

...The houses built by the POW's, the "Japanese houses" which stand along the main street of Irkutsk, serve as monuments to their forced, but nevertheless conscientious, labor. There is nothing Japanese about these well-built four- and five-story buildings of "Stalinist" architecture. Perhaps only the "architectural excess", remotely reminiscent of a pagoda, on the roof of one of these houses which was built for the commanding officers.

Those who died in Irkutsk itself were "lucky", we might say. They were given a decent burial, in a cemetery. But those who worked on lumbering operations at the source of the Angara, near the village of Bolshoy Kamen, fared much worse. The taiga has overgrown their unmarked graves. The rising waters of the "Irkutsk Sea" have flooded some of the burial sites and made access to them long and difficult. But perhaps it will soon be their turn to be recognized, as well as the many other neglected cemeteries in the area surrounding Baykal. The Irkutsk Oblast Red Cross Committee's Fund for Humanitarian Cooperation and its commercial organization, the "LISNA" enterprise, have assumed patronage over these gravesites. The head of the Fund, "LISNA" Director Vyacheslav Yevgenyevich Plyaskin, has approached the problem in a fundamental manner. He has allocated several paid positions for people specially employed in the oblast archives for seeking out burial sites and bringing them to order. Together with his colleagues, we set out for the village of Listvyanka, the site of one more "rageri", with its inevitable cemetery.

There is no obelisk on the grassy knoll overlooking Baykal, and one cannot easily make out the gravesites among the mounds overgrown with grass at the outskirts of the "normal" village cemetery. "We already have documents on this burial site. We know all the names, military ranks, times of death and burial. The camp management kept scrupulous records," explains V. Ye. Plyaskin. "Before there were some wooden posts with numbers, but now nothing is left... Well, that is alright. The village council has promised to hand over the entire cemetery for our balance sheets. We will take care of both the Japanese and the Russian graves. We have the building materials, and the school children here will help us. They have already cut down the overgrown brush and restored the fence."

At a bus stop located at the foot of the knoll we were met by the biggest surprise of our expedition—Lyubov Dmitriyevna Stasyuk, blue-eyed and slender even for her 65 years. She recalls the brief presence of the Japanese POW's down to the slightest details. She even remembers some of their names. "The camp in Listvyanka was there even before the Japanese. It was always an off-limits zone. They did not even let us into Irkutsk. Before the Japanese, they kept the members of the Vlasov army there. But as soon as they brought the Japanese in the winter, the camp immediately became different. It became clean and improved. They even laid cement walkways between the barracks, and in the spring they planted trees. The Japanese worked at the shipyard, building wooden pontoons. Our cottage stood right across from the barracks, and I always peeked through a crack to see what was going on there. They would saw lumber and chop wood, right in their overcoats. There were about 350 of them, and they were well guarded. The escorts and a captain, their leader, were housed in our cottage. My mother cooked for them, and the Japanese brought produce, sawed logs and chopped wood. They would come into the warm cottage, and would not want to go back to camp. So they would sit and sit. I was young, 19 years old. I wanted to dance, and on the table there was a "Victrola" with records. My mother would sometimes give them something to eat, and I would pull them by the hand and say 'let's dance'. The tallest and most handsome of the Japanese was Captain Hirota. He was about 25 years old. He even spoke fluent Russian. Then there was the pilot Akai Iwao, 20 years of age. He later escaped and they caught him in Kutulka on the Transsiberian line. Kaba was the tailor. He used our sewing machine to make a suit for the Russian captain, and he also made side-caps for everyone. Then there was Shinizaki, a little fellow. It was with him that I danced most often. The Japanese were always hungry. Our captain took part of their food rations away and sold them on the side. In the winter someone died almost every day, especially the older ones. I always went to see how they were buried. The Japanese themselves would dig a shallow hole, about 1-1.5 meters deep, no more. They would bring a box. Sometimes four bodies would fit into it. They would sit a body into each corner, cover them all up, and then burn the box in a bonfire to keep warm. And so it was almost every day. It was a severe, cold winter. Then the spring came, either May or April. The ice cleared over the Baykal. They brought in a barge at night and at 6:00 a.m. loaded all the Japanese onto it and shipped them off to Ulan-Ude. That is where their main deportation center was. They did not know, and we did not know ahead of time. We did not even say good-bye. But the memories we retained were good ones. They are good people, the Japanese."

"Good people, the Japanese." These words were repeatedly heard in the recounts of Irkutsk residents who remembered the Japanese episode of the GULAG chronicles. After all, the system of camps was created not only for the Japanese. They were treated no worse and no better than other prisoners. The "rageri"—these were

the end product of a peculiar civilization, which was extended over the entire huge Soviet country, which was imposed on neighboring states, and which they dreamed of bringing also to Japan.

The Japanese at that time were also the bearers of almost this same kind of totalitarian civilization. Having established a military dictatorship in Japan itself in the early 30's and having introduced the "law on dangerous thoughts" and thrown thousands of those who disagreed with them into prisons, the ideologists and rulers of the regime decided to "make their neighbors happy". In the name of "liberation from the White barbarians" they created the "Great East Asian sphere of joint prosperity", into which hundreds of millions of Chinese, Koreans, Indochinese, Philipinos, Vietnamese, and residents of other countries and countless Pacific Ocean islands were forced. The result of the "liberation" activity in China alone was the annihilation of 18 million people. Obviously, the Japanese had their own "rageri". These were depicted by the well-known films "Bridge Over the River Kwai" and "Merry Christmas, Mister Lawrence". Tens of novels and documentaries were written on the subject. One of the most terrible "rageri" was built by the Kwantung army not far from the Soviet border, in Manchuria. There, humans were used as the subjects of monstrous experiments on the creation of bacteriological weapons.

The upcoming extensive work on issuing documents to former Japanese POW's and their relatives and bringing about order at the cemeteries will inevitably spill out an entire sea of soul-chilling details and minute descriptions. We will have to drink this sea, no matter how bitter it may be. This, after all, is a component part of that ocean of suffering which has crashed down on our long-patient people. It is part of the repentance for the pain which we have inflicted upon each other and upon our neighbors. Yet the new information should not intensify the Japanese complex of an "unfairly mistreated nation" which the right-wing politicians play upon, calling from time to time for a "summation of post-war accounts". The guilty party responsible for the tragedy of prisoners held at Siberian, Manchurian, German and other concentration camps was totalitarianism—the most terrible plague of the 20th century. In order to prevent its recurrence, we must tell the full truth about the "rageri".

#### **Papua New Guinea's Leader Interviewed**

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Union Edition p 6

[Interview with Rabbie Namaliu, Papua New Guinea's Prime Minister, by IZVESTIYA correspondent V. Mikheyev: "The Pearl of the South Seas And Its Problems; Papua New Guinea's Prime Minister Answers Questions Posed by IZVESTIYA"]

[Text] Well-wishers note his capacities as an organizer, his analytical mind, his restraint and his consistency in

achieving goals with the ability to maneuver. His opponents reproach him for his lack of political will, citing as proof the long list of problems which have beset the country.

So contradictory are the evaluations of Rabbie Namaliu, the prime minister of Papua New Guinea. A graduate of the local institution of higher learning, he did his graduate work at the University of Victoria, located in the Canadian province of British Columbia. His involvement in national politics brought R. Namaliu to the national parliament. Almost simultaneously with his announcement as the leader of the Pangu pati ("Party of the Unified PNG"), he became prime minister, the fourth since the country won its independence. And now for the first time he has granted an interview to IZVESTIYA.

[V. Mikheyev] Mr. Prime Minister, some of the country's problems seem unresolvable: The actions of the separatists, the increased crime rate, the disbanding of parliament, and the sharp reduction in currency revenues. May we call the state of affairs in PNG a pre-crisis situation?

[R. Namaliu] The country is currently at a complex stage of its maturation. It is incorrect to believe that it is feverish. The problems have accumulated for years. We cannot speak of a crisis of the state or a crisis of the parliamentary system. Everything is in motion, as it should be in a rapidly developing society. And this, naturally, forces us to change many things as we go along.

[V. Mikheyev] When the separatists on the island of Bougainville took the course toward escalation of violence, your government several times rapidly changed its tactics: From sending troops to concessions as a preliminary condition for peace talks. Despite such a combination of firmness and flexibility, the cabinet accuses you personally of "weakness"...

[R. Namaliu] The question is not one of style of leadership, but rather of the essence of politics. It is doubtful that my predecessors could have protected the country from shock in this moment of breakthrough, since continuous switching of the parliament members from one party to another for reasons of personal gain did not facilitate political stability. Our government is distinguished specifically by its desire to consider all the different points of view, and not to impose its own position. We ascribe key importance to consultations with the political parties and prefer to reach agreement by means of an exchange of opinions, in keeping with Melanesian traditions. I wholly and entirely refute the reproaches regarding weakness of leadership. If we had resorted to the "decisive" measures proposed by certain members of parliament, Bougainville would have seceded long ago.

[V. Mikheyev] What, in your opinion, are the first priority problems which need to be solved?

[R. Namaliu] We are thinking about PNG's tomorrow, about expanding employment and creating jobs, especially for the young people who are graduating from schools and higher learning institutions. For this purpose we are encouraging capital investments into the economy, including also by foreign investors, and are focusing attention on the agrarian sector. We are engaged in a more equitable distribution of the national wealth. The theme of strengthening law and order is tied to this in the most direct manner. The difficult situation on the labor market, the threat of bankruptcy of farmer's cooperatives, the decline in family income—all this often forces one to choose the path of crime.

The resolution of the Bougainville crisis is directly associated with the support of law and order and political stability. Recently the leaders of the island administration sent a letter to the government asking for a second round of negotiations. We are ready to conduct a dialogue, and not only on the restoration of state services to the island, but also on the future status of Bougainville, on its place within PNG, on additional rights of autonomy within the framework of PNG, on the renewal of work in the copper mines which give the country badly needed currency, and on the allocation of funds for social and economic development of the province.

[V. Mikheyev] Your government has announced a course toward "diversification" in its foreign policy. Of what does this new approach consist?

[R. Namaliu] In the subtext of "diversification" lies the desire to reduce dependence on the former parent state, Australia. We are motivated by an interest in expanding our circle of partners, primarily in foreign trade, partners who are ready to open their foreign markets to our export products, and to give us aid in developing our processing industry, in obtaining technology and in training cadres. We are interested in direct foreign investments and in a variety of their sources.

[V. Mikheyev] Last year became a notable one for relations between our two states...

[R. Namaliu] Indeed, contrary to former apprehensions which were expressed even within the walls of parliament, the presence of the Soviet Union in the region (South Pacific Ocean—V.M.) is already perceived as being natural. In the spirit of the policy of "diversification", we have agreed to open a Soviet embassy in Port Moresby. The Soviet Union represents a great market and a major economic potential, not to mention the fact that it effectively influences the events taking place in the world, including also in our region.

Today Soviet helicopters are being used by an American company for conducting exploration of oil deposits in the regions of Nagorye. An agreement on fishing has been signed. There is an idea that Soviet fishermen will train our fellows. In short, the prospects instill us with optimism and convince us that our countries are not that far apart from each other.

[V. Mikheyev] Today, when the topic of closed trade blocks is on everyone's lips, what future do you see for PNG and the countries of the South Pacific Ocean region? Is it possible to have something like this here, or must we speak of cooperation within the framework of the entire Asian-Pacific Ocean region?

[R. Namaliu] A trade block simply cannot be formed. After all, we are not going to sell copra to the Solomon Islands or Fiji, where there is already an abundance of it. We need other markets, since the island states produce approximately the same products for export. We are enjoying certain privileges in trade with Australia and New Zealand. A number of our goods are not subject to duties, although there are quotas in effect, as for example in regard to textile goods. As for the actively promoted idea of creating an Asian-Pacific Ocean economic forum, no one has even officially invited us to become a full-fledged member of this organization. We are offered the status of observer. We have yet to analyze the consequences of such cooperation for the island countries.

**Gerasimov: Gulf Conflict Like Game of Chicken**

91UF0341A Moscow SOVETSKAYA KULTURA  
in Russian No 2, 12 Jan 91 p 12

[Observer Gennadiy Gerasimov's "At the End of the Week" column: "Clash"]

[Text] "Cossack strength goes for naught: no war!"

N. Gogol, "Taras Bulba."

The world and Iraq are on a collision course. Which will give way?

Like the speeding chariots of Antilochus and Menelaus in Homer's "Iliad". Antilochus displayed recklessness, and Menelaus made way.

A textbook situation from the viewpoint of conflict theory. The deceased American armchair strategist Herman Kahn, in his book "Escalation," considered the threat of a head-on clash "a useful analogy inasmuch as it reveals certain important aspects of international relations, to which special attention should be paid."

Usually this type of conflict is illustrated by a game of "chicken," which, according to unverified rumor, is sometimes played in Texas. The participants race automobiles toward one another. Whoever's nerves fail and whoever turns aside is the "chicken."

Analyzing this game, Kahn and also Thomas Shelling write in the book "Arms and Influence" that a player intending to win at all costs tries to persuade his opponent that he will under no circumstances turn aside. He may pull down his dark glasses, throttle up his automobile to maximum speed and throw the steering wheel out of the window. When his opponent is convinced that he has "the bit between his teeth," he will prefer humiliation to a clash and will turn aside.

Shelling emphasizes here that if the threat to harm the adversary appears convincing to the latter, it does not matter whether implementation of the threat will harm the person who is doing the threatening also.

To make the threat more convincing it is desirable to create situations fraught with risk in the hope of delegating decisive action to the adversary. The threat structure must include the creation of mutual risk with the subsequent transfer of the initiative and evasion of responsibility for the consequences.

But it is by no means necessary to read Kahn or Shelling or even the "Iliad." You are walking along the sidewalk, and heading toward you is a pedestrian who "point-blank" does not see you, whether accidentally or intentionally. He possesses a "threat structure"—you step aside to avoid a clash: the adoption of the decision has been delegated to you, and the pedestrian absolves himself of responsibility for the possible clash.

Let us go back to the beginning. Both sides are behaving in textbook fashion. They are flexing their muscles. Iraqi

President Saddam Husayn says: "The entire Iraqi people are ready for battle." U.S. President George Bush says that the opportunity to strengthen world peace will be lost "if we give way even one inch to appease Iraq." And Bush is delegating responsibility for the consequences—Husayn will decide.

But does the latter hear? And it is not even a question of his advisers, who, it is written, are isolating him from the outside world, signaling that the signals of the other side "are not getting through." It is a question of the nature of the conflict. The point being that it is obligatory to convey one's implacable position to one's opponent and simultaneously block information emanating from him.

Such is the psychological aspect of the conflict. The moral aspect is clear—Iraq perpetrated aggression against Kuwait, it has been condemned by the world community, it must leave Kuwait, otherwise....

Fifteen January—the deadline for withdrawal appointed by the UN Security Council—is approaching.

A way out of the "game of chicken" framework needs to be found. Its "shoddiness" was pointed out by Bertrand Russell in his book "Common Sense and Nuclear Weapons". After all, if both sides pursue a course bent on winning, both will lose—there will be a clash.

Political efforts should not be spared. There is still time. The very escalation of the conflict is absorbing, particularly to the news media and, consequently, their consumers. Self-propulsion toward the abyss could occur.

As in "Taras Bulba"? Strength goes for naught....

**Failure of Husayn 'Escapade' Inevitable'**

91UF0288A Moscow AZIYA I AFRIKA SEGODNYA  
in Russian No 11, Nov 90

[Article by V. Vladimirov: "Will the Bickford Fuse Burn Through?"]

[Text] Quite recently it was felt that we already had enough conflicts in the Near and Middle East. The flame of the Iran-Iraq war burned there for eight years. The Arab-Israeli confrontation is marking its fifth decade, having many times lit up the region with flares of large-scale armed skirmishing. The Lebanese people, bleeding profusely, cannot find any manner of peace. And now—the invasion of Iraqi forces into Kuwait and Baghdad's declared annexation of this small but—until recently—flourishing country.

The Iraqi regime's venture has evoked practically universal indignation and condemnation in the world (the number of Saddam Husayn's supporters is extremely small—and some of them are supporters out of a fear of unpredictable actions of the aggressor). Such a reaction is entirely understandable—the provocative steps taken by Baghdad are aimed in the opposite direction from that of the positive processes taking place in the world whose foundation was laid by the new political thinking.

It is significant that immediately following the aggression, the United Nations Security Council condemned the Iraqi invasion into Kuwait and called for economic sanctions to be levied against Iraq. It demanded the release of all foreign hostages in Kuwait and Iraq. The Security Council adopted resolutions on specific measures for establishing an economic embargo against Iraq. But the chief demand was the pullout of Iraqi troops from Kuwait and the reestablishment of Kuwaiti independence.

The absolute fulfillment of this demand is of principled importance. Under no circumstances can the regime of Saddam Husayn be given the opportunity to take advantage of the fruits of aggression—so that no one gets the temptation to accomplish a similar act, no matter where it might be carried out.

Baghdad's adventurist action has not only exacerbated the situation in the region—it threatens massive reverberations far beyond its borders. Escalation of the confrontation is wreaking such precipitous havoc that it is difficult to monitor its course.

At the request of Saudi Arabia, the United States is sending its forces there to repulse a possible attack by Iraq, which is activating its reservists to fight alongside its Army of almost one million. U.S. naval vessels and those of a number of its allies are stationed in the Persian Gulf region and adjacent waters to monitor observance of the embargo. The United States continues to send its ground and air forces to Saudi Arabia, where certain other countries, including Arab nations, have sent military contingents. Baghdad is warning its enemies to refrain from attack, threatening to use its chemical weapons and unleash large-scale terrorist actions in many countries of the world... From Washington in response (at first on the unofficial level, generally speaking), appeals resounded calling for military operations of one sort or another to be conducted against the aggressor, should he be unyielding. Then warnings to him started to resound from across the ocean on ever higher levels.

From the very outset of these events, the Soviet Union advocated and continues to advocate the priority of political decisions over military ones. This was confirmed during the course of the meeting between the Soviet and American presidents in Helsinki. But the fact is—Baghdad stubbornly persists in not wanting to listen to the voice of reason.

The situation that has come about as a result of the adventurist policy of Saddam Husayn's regime may be likened, without exaggeration, to a setting in which he has lit a not-very-long Bickford fuse attached to a powder keg. It can still be cut or pulled, if nothing or no one interferes. But the position of Baghdad, as indicated in its repeated statements, that there cannot even be any discussion on reestablishing the independence of Kuwait

(declared an Iraqi province soon after the occupation) is the main obstacle standing in the way of resolving the conflict.

The criticality of the situation is reflected in discussion of the problems caused by the seizure of Kuwait in the United Nations General Assembly.

There is no doubt but that this escapade of Saddam Husayn's regime will inevitably result in failure. It is another question as to what it will cost the people of Iraq (if matters take a turn for the worst), the people of other countries, and the entire world community.

#### Arab Reactions to Gulf Crisis Examined

91UF0298A Yerevan EPOKHA in Russian No 16,  
6 Dec 90 pp 4-5

[Article by Nikolay Oganessian, doctor of historical sciences and professor: "The Annexation of Kuwait and the Arab World"]

[Excerpt] [Passage omitted] Iraq's treacherous attack on Kuwait literally turned the Arab world upside down. It was a bolt from the blue for the Arabs. It created a completely new situation, in which each Arab country would have to define its exact position with regard to Saddam Husayn's actions.

What do they think of this aggression? I must say that the Arabs are not unanimous. The Arab world is more divided today than ever before. It is being torn apart by disagreement and controversy. At first there was a strong wish to treat the Iraqi aggression against Kuwait as a "family" matter, to localize it, and to give "close relatives"—the Arabs themselves—a chance to resolve the crisis. Soon, however, it became obvious that what had transpired between Iraq and Kuwait was not a "family" conflict in any sense. The Iraq-Kuwait conflict quickly transcended the bounds of a local skirmish, acquired the features of a regional crisis, and has shown a tendency to turn into a global conflict. This is why the Iraqi aggression poses a threat to the entire world.

Saudi Arabia's decision to allow the United States, and then Great Britain, France, and some other states, to station their troops on its territory caused a veritable firestorm in the Arab world. Massive demonstrations were organized in many Arab capitals to denounce Saudi King Saud's decision and accuse him of inviting the Western imperialists back into the Arab world and putting the Arab holy places of Mecca and Medina under the control of "infidels." The Saudi monarch's decision was defended, however, by all five Arab states in the Persian Gulf—Bahrain, Qatar, Kuwait, the UAE, and Oman. Egypt, Syria, Morocco, and others reaffirmed their support for Saudi Arabia's actions. Egypt, Syria, and Morocco also sent troops to Saudi Arabia to defend it against possible Iraqi aggression. Egyptian President Hosni Mubarak declared: "There is no question that



Saudi Arabia has every right to protect itself and to invite the troops of any country to its territory for this purpose."

Today, judging by the results of a vote on the Iraqi aggression at a conference of Arab heads of state in Cairo on 10 August, we can say that there are three distinct groups in the Arab world.

The first consists of the Arab states condemning the Iraqi aggression and categorically demanding the withdrawal of Iraqi troops from Kuwait and the complete restoration of its independence. These are Saudi Arabia, Egypt, Syria, Morocco, Bahrain, Qatar, Oman, the UAE and, naturally, Kuwait.

The second group consists of Libya, the Palestine Liberation Organization (PLO) and, naturally, Iraq itself. They voted against the resolution calling for the withdrawal of Iraqi troops from Kuwait and the restoration of Kuwait's independence.

The third group consists of Algeria and Yemen, which abstained from the vote. Jordan, Sudan, and Mauritania, which reserved the right to express a separate opinion in the vote, actually also belong to this group. In any case, 12 of the Arab states in the Arab League—i.e., the majority—condemned the Iraqi aggression and feel that the independence and territorial integrity of Kuwait must be restored.

There was a later change in the alignment of forces. Sudan effectively took Iraq's side. It even allowed Iraq to deploy 7,000 soldiers and missile batteries on Sudanese territory. There have also been some changes in Yemen's stance. It allowed the deployment of a certain number of Iraqi planes on its territory. Algeria's hard line against Iraq has also grown somewhat softer.

Why is this division of the Arab world occurring? What was the watershed for the Arab countries?

The position of the Persian Gulf Arab states—Saudi Arabia, Bahrain, Qatar, the UAE, and Oman—is completely understandable. They are afraid that the Iraqi aggression will continue and that they will be the next target of an Iraqi invasion. For this reason, they are resolutely in favor of the cessation of all Iraqi aggression, the withdrawal of Iraqi troops from Kuwait, and the restoration of its independence, in the completely justifiable belief that their own defense begins with the protection of Kuwait.

Egypt's interests are not served by the takeover of a weaker Arab country by a stronger one, but by the independence and territorial integrity of existing Arab states. The emergence of a new strong and dangerous center in the Arab world, which will dictate its will to others, does not fit in with Egypt's political plans. Now that Egypt has returned to the Arab camp, is trying to regain its earlier leading role in the Arab world. Baghdad, with its new political ambitions, is challenging Cairo to a

duel in this area. We must not forget that the competition between Cairo and Baghdad for leadership in the Arab world has a long history.

Syria's position on the Iraqi aggression is influenced by many of the same factors as Egypt's. The competition between Baghdad and Damascus has been particularly fierce in the last 20 years, sometimes reaching the critical point. And this has occurred in spite of the fact that the Baath Party—the Arab Socialist Renaissance Party—is the ruling party in both countries. A stronger Iraq is certainly not in Syria's interest, and it even poses a serious threat to it. We must not forget, furthermore, that Syria also wants to play a leading role in the Arab East. This is why Syria has categorically denounced Iraq's actions and has demanded the restoration of Kuwait's independence.

When Libya defended Iraq and voted against the resolution at the conference of Arab heads of state, it was probably objecting more to the presence of American troops and other Western troops on Arab land. Besides this, when it and the other countries voted against the resolution, they were not validating the annexation of Kuwait. Libya feels that non-Arab forces should not be involved in the resolution of this problem and that the conflict should be resolved by the Arabs themselves within the framework of Arab cooperation.

The PLO was acting on the same belief. Some other factors, however, were also at work here. The PLO's support of Saddam Husayn is partially due to the strained relations between the Syrian leadership and Yasir Arafat, especially after the Israeli invasion of Lebanon in 1982. Since that time the PLO leadership has moved away from Syria and has moved closer and closer to Baghdad. Another decisive factor in the PLO's choice of position was Saddam Husayn's announcement that he would withdraw his troops from Kuwait if this could be accompanied by the simultaneous withdrawal of Israeli troops from the occupied Palestinian territories and the withdrawal of Syrian troops from Lebanon. This is why the Palestinians have organized massive demonstrations in defense of Saddam Husayn and are volunteering for the fight against the Americans. They regard him as the only Arab leader capable of putting an end to the Israeli occupation.

As for the position of the so-called neutrals, it was influenced by a variety of factors. The position of Jordan, for example, which did not censure Iraq and allowed the shipment of medicine and food to Iraq through its territory, is due to its unique location. It borders directly on Iraq and it would therefore be extremely dangerous for King Hussein to oppose Baghdad openly.

Other Arab states were guided by approximately the same considerations when they chose their stance on the Iraqi aggression.

Nevertheless, we naturally wonder why the Arab countries have been unable, in spite of numerous declarations

and discussions, to unite and to pursue if not a common policy, then at least a coordinated one.

It seems to us that the answers to these questions can be found in the unequal development of Arab countries. Almost all of the structures known to man are present in the Arab world—all forms of government: absolute, technocratic, and constitutional monarchies, republics, revolutionary regimes, etc. As a result of this, Arabs are on different levels of development and live in different economic and political conditions, and this is the reason for their different political approaches to problems between Arab countries as well as regional and global issues.

The lack of uniformity in the development of Arab countries has also had another result. Although there is a general sense of belonging to the Arab nationality, each Arab acts individually or on the statewide level as an Egyptian, an Iraqi, a Syrian, a Kuwaiti, a Tunisian, etc. There are separate Syrian, Egyptian, Iraqi, Algerian, and Yemeni national identities, and they are perceived as being quite different from one another. The Arabs are living and evolving in different sociopolitical and economic environments. These different conditions are the reason for the broad range of Arab interests and actions. Today the belief in the sovereignty of each Arab country is so strong that it is defended zealously by Arabs in relations with other Arab states as well as with non-Arab countries. This is why any attempt to achieve Arab unity, in the form of a single Arab state or in any other form, by violent means, by means of conquest, takeover, and annexation, is viewed by Arabs as an act of aggression, is denounced, and is therefore destined to fail.

Uneven development is one of the reasons for conflicts and disagreements between Arab countries and the division of the Arab world. It is also the key to an understanding of these conflicts and the situations and political coalitions that arise in today's Arab world.

Now we will move on to the last question: What kind of solution do the Arab countries see for the crisis? Two options are most apparent. The first is that the group of Arab states no longer nurturing any hope for a peaceful political solution, primarily the Persian Gulf states—Saudi Arabia, Kuwait, the UAE, Bahrain, Qatar, and Oman—and Egypt, and possibly Syria and Morocco as well, will be more and more inclined to settle the Iraq-Kuwait conflict by military means.

The section option, which has been termed the "Arab initiative," is basically an attempt to return the resolution of the conflict to the bosom of the Arab "family" and to settle the crisis by political means, by means of negotiation and compromise. It must be said, however, that there is no single plan yet, and different proposals are being made.

Libyan leader Muammar Qadhafi was the first to propose his own plan: He said Iraq should withdraw its

troops from Kuwait, and Kuwait should give Iraq Bubiyan Island in the Persian Gulf and its part of the Rumaila oil field.

In general, the Arabs have shown a tendency to settle the conflict at Kuwait's expense. There have even been unofficial rumors that after the Iraqi troops have withdrawn, the rights of Amir Jabir Al Sabah, and of the Al Sabah dynasty in general, to rule Kuwait will not be restored.

The plan proposed by PLO Chairman Yasir Arafat is closest of all to an Arab initiative. It calls for the withdrawal of Iraqi troops from most of the territory of Kuwait. A large part of Kuwaiti territory will revert to Iraq. Besides this, in view of the fact that Iraq has linked its military presence in Kuwait with Israel's occupation of Palestinian territories, Arafat's plan calls for the thorough examination of the Mideast problem. The crisis in the Persian Gulf should be resolved during the first stage, and other questions of the Mideast crisis should be settled during the second. According to Arafat, his plan is supported by Algeria, Jordan, Yemen, Libya, Tunisia, and Morocco, although it must be said that Morocco has its own plan. Moroccan Foreign Minister Filali announced: "We hope to propose a solution which will be satisfactory to everyone in the very near future." The minister did not, however, divulge the details of the Moroccan plan.

Nevertheless, in the words of Mohammed Hasanein Heikala, the renowned Egyptian journalist who was once part of President Nasir's retinue, "there is a prevailing atmosphere of despair, indignation, and humiliation." Iraq must also assume much of the blame and responsibility for this.

#### **Iraqi, U.S. Gulf Combat Strategies Viewed**

*91UF0332A Moscow ARGUMENTY I FAKTY  
in Russian No 2, Jan 91 p 4*

[Article by V. Murakhovskiy under the rubric: "From Competent Sources": "On the Eve of Catastrophe?"]

[Text] In connection with the crisis in the Persian Gulf, the world community is disturbed by the question—will war flare up in this region?

These fears seem entirely justified. Concentrated today in the Middle East are armed forces whose combat potential may be compared with that of the armies deployed during World War II.

Removing ourselves from the political state of events, let us concentrate on the military aspect of the problem—will global or regional catastrophe actually result in the event of war?

#### **Iraq's Chances**

We may assume that Iraq will attempt first and foremost to carry out air and missile strikes against oil fields. The

Iraqi Army has several battalions of SCUD and FROG surface-to-surface missiles of Soviet manufacture.

During the course of the war with Iran, the Iraqi Army acquired experience in the combat employment of its missile troops. However, the strikes were carried out, as a rule, against large-area stationary targets (cities, airfields, military bases), and although casualties were high among the civilian population, the effectiveness of employment of these weapons was not great.

One must take into account the fact that the SCUD missiles were developed several decades ago and do not have a great degree of accuracy. The level of personnel training for Iraqi missile battalions remains low as well.

The above-mentioned deficiencies did not have a significant effect in the confrontation between Iraq and Iran. But in the event of a conflict with the United States, Iraq will not obtain freedom of action in the use of its missiles. Its entire territory is monitored through space-based, radioelectronic, and air surveillance by the Americans. The stationing and launch positions of the SCUD battalions are well known. Without a doubt these will be primary targets for strikes by the multinational forces.

Additionally, the number of launchers is far fewer than of missiles themselves. It is only necessary to put these out of action to preclude the possibility of launching. Thus, the threat of massive missile strikes on the part of Iraq appears improbable.

Aviation is considered an important element of Iraq's military might. Equipped with Soviet Tu-16 and Tu-22 bombers, Su-22 and MiG-23 fighter-bombers, and French Mirage aircraft, this presents at first glance a formidable force. At the same time, Iraqi pilots have basically become somewhat better skilled in bombing major facilities, but they are poorly trained in precision bombing and operations under adverse weather conditions. They have practically no air battle experience because of the weakness of Iranian air power.

Assessing the air force grouping of the multinational force concentrated in the Gulf region, primarily its American component, we may assert that Iraq's hopes of effectively employing its own aviation are without foundation.

President Husayn has relegated a special role in intimidating his enemy to chemical weapons. In a conflict with the multinational force, however, the use of toxic substances by Iraq will do him greater harm than good. The American Army is suitably trained and equipped. And when an enemy is prepared for operations under conditions of chemical contamination, the negative effects of toxic substances are greatly reduced.

#### **If War Breaks Out**

In the event a conflict is unleashed, in the very first hours the Americans will conduct an operation to gain air superiority and destroy Iraqi air defenses, as well as

command and control centers. Missile units and air assets on the ground will be destroyed as first priority. The air assets of the multinational force will then execute combat missions designed to isolate the area of combat operations and provide direct support to troops.

Later, ground forces and marines will enter the battle. Iraq should not await offensive action along the lines of the Iran-Iraq war—with a concentration of forces over many days, artillery preparation of many hours, and consistent penetration of the defense.

Simultaneous strikes of armored units along the front and flanks in combination with operations by airmobile forces in the rear, with powerful support from combat helicopters and ground attack aircraft—this is what awaits the Iraqi Army. One might assume that there will be a marine assault landing at an advantageous moment which will operate to link up with forces advancing from Saudi Arabia.

The considerations outlined above are recognized to be complex by many political and military leaders—hence their vision of a new Apocalypse. I believe that even the scenario in which multinational force losses are predicted to constitute on the level of 15-18 thousand is probably calculated on unfavorable circumstances. The war will be decided in a maximum of two weeks and there can be only one result—the defeat of Iraq.

#### **Growing USSR-Bahrain Economic Ties Viewed**

91UF0306A Moscow *RABOCHAYA TRIBUNA*  
in Russian 4 Jan 91 p 3

[Article by Yu. Zinin, Manama—Moscow: "Unfamiliar Bahrain"]

[Text] The stone globe on the street sculptures, both hidden inside a semi-opened bud and having ascended up to the ends of surrealistic steel designs, were a riddle for me. Until they explained to me that they are a symbol of the pearls harvested in the Persian Gulf. I recently visited the island of Bahrain where pearl-diving has been the means of support for many inhabitants for as long as one can remember. As recently as the 1930's, hundreds of sailing chalands left for the sea to dive for pearls during the summer months.

But the appearance of the artificially cultivated Japanese pearl undermined pearl-diving. It is true that fortune did not abandon the island: In 1932, a fountain of oil—the first in the Arab region—was struck here. The oil manna left its impact: The country's industrial zone appeared before me with its petroleum processing combine towers, an aluminum plant's buildings, and spacious docks for tankers.

Today, fuel reserves on the island are nearly dried up. Therefore, the international finance and banking business has become the "horse" of development. Its heart is the so-called diplomatic quarter of the capital of the Island of Manama with stylish buildings of modernist

architecture made from glass and concrete. It rose up on territory which had been conquered from the Gulf by filling coastal reefs with soil that was transported here.

There are dozens of different banks and financial institutions in the quarter: Local, Arab, foreign, and mixed. There are more than 60 offshore banks here, a type of "unrestricted" bank. They have the right to receive, accumulate, and freely transfer their capital to any point on the earth's surface because there are actually no limits on hard currency exports and imports in Bahrain. As a local pamphlet states, the total assets [avoir] of these banks was valued at 68 billion dollars at the end of 1988.

Such liberal laws for businessmen, stability, and a first class communications system on the island attract many foreigners. Everywhere in the capital, even on the outskirts or near groves of palm trees, you can catch sight of international telephone booths which will connect you with any continent. The financial business brings great dividends to Bahrain. Therefore, it is prestigious among Bahrain's residents.

The signs of numerous moneychangers' offices are hidden in the labyrinth of the city's bazaar which is near the major banks. Some individual moneychangers are located right on the streets' narrow sidewalks on wooden benches.

In conversations with Bahrainis, especially with business people, I sensed their interest in the development of cooperation with our country after the announcement about the establishment of diplomatic relations between the USSR and Bahrain had been made in September.

Having received me in his spacious office and dressed in national costume—a long snow white shirt and in white Bedouin kaffiyeh, the country's Minister of Development and Industry Yusuf A. Al-Shirawi said: "Bahrain is linked with Saudi Arabia by a beautiful 25-kilometer-long causeway through the Gulf whose construction cost one billion dollars. Important maritime and air lines of communication from Europe and Africa to Southeast Asia pass through the island and provide quite a few advantages in the area of transportation."

For example, we all know that the USSR ships fuel to India and to other countries of the region while spending significant amounts on freight from the Black Sea to the Indian Ocean. He suggested that a portion of these deliveries could be accomplished using petroleum products produced by Bahrain. And the USSR could compensate for these deliveries by increasing its petroleum exports to the countries of Western Europe where Bahrain also send its products. As a result, both countries could have quite significant hard currency savings.

"We," the minister pointed out, "are also interested in Soviet air fleet cargo freight which is quite developed to transport our goods and the goods of third countries to Australia, Hong Kong, and other states. We are also tying our hopes to the development of tourism. Residents of our country and of the entire Gulf prefer to

spend the hot summer months in cooler areas. But life in Europe is becoming more expensive and we are turning our gaze to the countries of Eastern Europe and the Soviet Union."

According to Bahrain Chamber of Commerce and Industry Administrative Council President Ali Yu. Al Fakhru, his country could play the role of intermediary in trade and economic cooperation between Moscow and all of the Arab [States] of the Gulf.

"This summer a Bahrain Chamber of Commerce delegation visited the USSR where we met with our colleagues in the Chamber of Commerce and in various ministries and departments. We established the first contacts, but in many places we could not obtain a clear or specific answer to the question with regard to prices for USSR goods and products that we were interested in," the president pointed out.

"There are fears regarding the junction between the state sector in the USSR and the primarily private entrepreneurs in Bahrain and throughout the Persian Gulf. Bureaucratic impediments worry the private trader. However, the process of reform and denationalization of economic structures which we have heard has begun in the Soviet Union instills hope. We are also ready to think about organizing a special exposition of Soviet goods in our country."

An interesting meeting occurred with 48-year old Businessman A. Bin Hindi who has already been selling our Ladas for nearly two years. He was previously with a well-known trading house which conducted deals with pearls for many years but which went broke due to competition from its artificial replacement. "So, after graduating from school," said Hindi, "I left without a cent to work in a neighboring country. I accumulated some cash, returned, became a salesman in a firm that sells cars, and then opened my own business."

Various brands of automobiles were on display in his firm's spacious showroom: American, Korean, and our Ladas and Nivas. He said, "There are nearly 100,000 cars in Bahrain and there is a wide selection for our automobile lovers. In principle, your Ladas are durable and reliable for their class. But they significantly lag behind their competitors in comfort and options: Western and especially Japanese. We install American or Japanese air conditioners, molding, change the hubcaps, and so forth on the arriving Ladas. But our showroom is very unattractive and modest and our buyers are quite spoiled by various gadgets and comforts.

"So far, I have sold 300 cars, mainly to Arab emigrants who are working in our country. The price is approximately 2,000 Bahraini dinars and the nearest Japanese model sells for 3,000 each. However, I am not a pessimist: My Arab partner from neighboring Qatar, through whom I obtain the cars, has established direct contact with Tolyatti. He has good capital and he intends, along

with General Motors, to invest it in VAZ [Volga Automobile Plant] for modernization.”

Bahrain has become the latest Arab country with which we have just established diplomatic relations. We can understand where the level of our perceptions about each other is right now. The image of the USSR, many Bahrainis told me, was created mainly thanks to the Western and the Gulf press. Right now it has changed its tone in many ways but they want to investigate for themselves what is occurring in that enormous country and what its trade and economic opportunities are.

During these conversations, I sensed a certain liking toward our country that has been caused by the Soviet leadership's positions toward recent events in the Gulf. Naturally, this liking is not the golden key to the successful development of cooperation. But nevertheless, while there is interest that is raising hopes, we need to support it through contacts and mutual information. Moreover since Bahrainis from time to time look to their rich neighbors from Saudi Arabia and the Emirates who are sounding out the path of business cooperation in Moscow.



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